

The Guild in Modern South Asia

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'A guild', in the words of a historian, 'is not necessarily a guild' (Pfister, 1998). I read this to mean that the fit between the formal shape of a guild and the significant functions that a professional organization is expected to perform is not always close. Organizations called 'guilds' may not serve all or any of these functions, and organizations having other names may serve some of them. It is necessary, therefore, to begin by locating where this paper stands in the varied meaning of the term.

In the large scholarship on the European guild, both the political-administrative agency and the economic agency of medieval guilds have received much attention. Guilds functioned as link between the government and the urban population, as 'instruments of the municipalities' (Rosser, 1997:6n, citation), or 'agents of council policy' (Swanson, 1989: 112). Indeed in some contexts the supervision of the town population including taxation was 'the most important function' of the guilds (Baer, 1970). The guild and polity relationship has been shown to vary greatly; these variations are explained differently as a strategy to contain the guild or to empower it (see essays in Epstein, Haupt, Poni and Soly, eds., 1998). These moves were influenced by the state's search for efficient fiscal agents, by the guild's own successes or failures in adapting to industrial capitalism, political and juridical aspirations, and on an ideological plane, by the tension between corporatism and individualism (Fairchilds, 1988).

On the economic plane, the guild joined 'the "mystery" of craftsmanship .. with the dynamics of pressure groups' (Black, 1984: 7). More narrowly, the guild was a means to regulate competition and deal with some forms of market failure and incomplete markets (Epstein, 1998; Pfister, 1998). Price and quality regulation is a

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common example of product market regulation. Entry fees and other types of control in artisan guilds intervened in the labour market in two ways: delivery of training, when the market did not supply technical education, and regulation of competition, especially competition between masters and apprentices. The guild could reduce risks of the trade cycle. It could be a source of credit when capital markets did not exist for the members. In the market for entrepreneurial resources, guilds curbed free riding by means of privileged access to information and entry fees that can be seen as royalty charged on intellectual property. In these senses, the guild was the collective answer to several types of hazard of pre-modern capitalism: quality concerns, free riding, and the absence of intellectual property rights. In the scholarship on merchant guilds and similar coalitions, it has been suggested that one of the functions of the guild was protection of property rights by creating incentives for honest behavior (see on the analytics Greif, Milgrom, Weingast, 1994; and for a review of the scholarship Ogilvie, 2004). Formally, the objective was served by means of an elaborate system of rules governing membership, conduct, and reward, which became laws thanks to state sponsorship.

The guild might also give rise to governance costs. The tension between masters and journeymen was forever present. Craft and merchant guilds could come into conflict. Political power and privileges could encourage corruption. Training rules could be bent to advantage sons over students. Monopoly rights could be abused to restrict trade. These costs created incentive for individuals to leave or bypass the guild, or form another, depending on barriers to entry. The guild, in principle, could contribute to (or stall) economic growth depending on how efficiently it served the positive functions as the market economy expanded, and avoided governance costs at the same time.

In early-modern and modern India, guilds fulfilling the minimum formal characteristic - a written charter establishing a right to conduct business and accepted by the members as well as the local or supra-local authority - was rare, if not unknown, even in the context of urban crafts or commerce. Institutions did exist that contained some features of the medieval European guild, but these institutions appear in the major sources as obscure and marginal, and the distinction between the professional side and the social-cultural character of these collectives appears blurred. In particular, I have found no significant example or reference to a body of

producers with written statutes and an explicit role in urban administration.² In some way connected with this informality, the political agency of the guild was also weak, random and obscure in South Asian sources. The politico-administrative role of the guild will, therefore, be absent in this paper altogether.

And yet, any well-developed commercial-industrial system needed collective solution to the transactions costs discussed above, and South Asia was no exception. Collectives formed to address these challenges. The precise manner in which associations appeared to deal with these problems varied even within India. The major concern of the paper will be with the economic functions of the guild, and with a descriptive account of these diverse mechanisms.

The attention of the paper, therefore, shifts from guild as a corporate body with political effect to informal collectives formed in response to some of the economic problems to which the guild was a response. This shift of focus raises two important problems for historiography; first, the problem of origin, and second, the problem of effect.

Where did these informal associations spring from? Did they originate in social institutions, such as kinship, community, or caste? Or, were other associational models present in the premodern South Asian economy that could be adapted to meet more specifically capitalistic needs? The social origins of producer or merchant associations cannot be discounted completely, and yet, there are large examples that do not fit the social origins model well at all. More specifically, of the two general prototype quasi-guilds I discuss later in this paper – the master-artisan and the merchant community – the latter fits the social origins model, whereas the former does not. I return to this theme in the concluding section, which argues in favour of the second view.

The historical link between guild and 'development' depended not only on the direct contribution of the guild in making markets work better, but also on externalities: fostering innovation (Epstein, 1998), collective spending on charity and welfare, the effect of the guild on law-making, and cultivation of an idiom of solidarity, in which Black (1984) traces the roots of cooperative socialism in the nineteenth century and Robert Putnam locates the roots of political reform in modern Italy (Putnam, 1993, discussed in Rosenband, 1999). We cannot address this large

² Scholarship on early modern trade does mention collective action by merchants, and sometimes artisans, in negotiating with authorities on tax and other matters. But the role of a corporate body behind these moves remains unclear, at any rate, unsystematic.

project here. Clearly, the larger sense of craft communities that I shall be mostly dealing with was indistinct from a European guild in some of these respects, say, in promoting reciprocity and structuring hierarchies. I think the main difference between South Asia and Europe rested on the relationship between the guild and the state. A particularly important implication of an active agency of the state was the indirect effect of guild statutes, contracts, agreements, and covenants upon the formation of common law. Law was also an instrument to defend the guild, as evidenced in the series of 'Combination Laws' in early-eighteenth century England (Rosenband, 1999). The formal institutionalized guild was potentially an agent in the creation of a public good, whereas community-bound bodies and rules created private, rather 'club', goods in the sense of a language of law that only a few understood. Even where associations served the same general goals guilds served anywhere, the spillover effect of guilds was possibly weak in South Asia.

In the next two sections of the paper, the late-medieval organization of production and trade is discussed. In the next four, several nineteenth century and early twentieth century associational models are described. The last section concludes.

Artisans in Mughal India

Much of our knowledge about the medieval urban crafts derives from accounts of European travelers like François Bernier or Pelsaert, or that of the court functionary, Abul Fazl. Abul Fazl does mention the existence of 'guilds of artificers', and guild masters, in whose appointment the town administrator had a say. That being said, the picture of work organization that we receive from these accounts suggests that these guilds worked as adjuncts to another powerful institution, the *karkhana*. Karkhana literally means factories. In this context, the term did not necessarily mean factories, but included factories along with stores and some administrative departments. The main north Indian seats of power developed a hierarchy of karkhanas owned by courtiers and individuals close to the court, though much more is known about the imperial karkhanas (Verma, 1994). Two features of this institution are noteworthy. First, by means of karkhanas urban north India became culturally at home with the idea of collective work, which is the context in which master-apprenticeship relations crystallized into a system of unwritten rules. Second, while the karkhanas did not necessarily rule out private production for the bazaar, they did represent a subversion of the market. The extent of subversion varied. It was, however, important enough to

find mention in all major studies on the karkhanas. The subversion happened in three ways. There was implicit or explicit control of the courts on purchase of inputs. The output was rarely marketed but kept for royal use, gifts, even provincial revenue-payments and exports organized by the court. And the karkhanas tended to recruit the best workers in the industries, rather they had the authority to make sure that the best workers did not refuse invitation. The distinction between the rank and file and the elite among the artisans was mediated by proximity to power.

The presence of a hierarchy is suggested also in the account of European travelers. The most famous description owes to Bernier, who distinguished between two types of urban artisan. At one extreme was the bazaar artisan who was nominally independent, that is, not an employee of the rich and powerful, and yet a perpetually poor man, lowly-skilled, and subject to all kinds of arbitrary bullying and exploitation by merchants or agents of the rich. At the other end was the elite among the artisans, the super-skilled artist, who was necessarily an employee of the karkhana. Thus, '[T]he artists .. who arrive at .. eminence in their art are those *only* who are in the service of the King or of some powerful Omrah, and who work exclusively for their patron' (Bernier, 1914: 256, emphasis added; see also pp. 228-9 on patronage). As for the rank and file, 'virtually every relevant feature of the economy, society and the state was designed to hold the artisan firmly down to his lowly place ..' (Raychaudhuri, 1983: 214).

Thus, this world of urban crafts was shaped above all by the consumer demand of a few hundred families that commanded almost the entire agrarian surplus of a large region. Powerful, extremely rich, and a handful, these buyers of craft goods directly employed artisans. There was no 'market' worth the name. They were the market. Skilled artisanate, even whole industries functioned mainly in a relationship of *dependence* on public authority. They were not employers. The courts did not depend on them. They were not a source of tax-revenue for the courts as their European counterparts were. They were employees or quasi-employees of the court.³

Clearly, guilds were not needed for market regulation in this context. The master's power reflected that of the patron. Since there was no effective market, the guild did not have any commercial interest to serve or protect. For the same reason, nor was there much entrepreneurial resource to protect. And yet, precisely because

³ In this sense, Indian skilled craft tradition can be seen to belong primarily in what Hicks has called the Revenue Economy, rather than a commercial economy, even though markets formally existed in both, (Hicks, 1969: 22-4).

the crafts in demand were particularly intensive in craftsmanship, training was a vitally important issue. So was regulation of competition in the labour market. The guild, such as there were in urban north India, was either a body that maintained the hierarchy of craftsmen, or a quasi-administrative body engaged in facilitating transactions conducted by the courtiers.

In a somewhat better-known scholarship on medieval India, the irrelevance of the merchant guild has been argued by some historians along quite similar lines.

Merchants in Mughal India

In the history of the European and partially Middle-Eastern guilds, we observe a relationship of mutual dependence between the merchants and the state. In India too, there was mutual dependence between the merchants and the states, which in fact played a pivotal role in political transition in the eighteenth century. And yet, this dependence had quite a different flavour from what we observe in the history of the European guild. The eighteenth century dependence was driven by short-term self-interest rather more than by recognition of long-term compatibility of interests, it was influenced by fiscal collapse of small states, and it represented collaboration between political elements such as the individual princes and the merchants rather than between the state as the law-making institution and the merchants. Were guilds unattainable in South Asia? Were guilds unnecessary in South Asia?

Were guilds unattainable? Were rulers simply disinterested in the subject of granting exclusive rights to merchants? We must begin from the quite extensive scholarship on the merchant-state relationship in Mughal India. Perhaps the orthodoxy here is represented by a view, which suggests a broadly hierarchical and at times repressive relationship between the state and the merchants. Sixteenth century travelers in North India, the most articulate being the doctor François Bernier, articulated the idea. It had a long life among historians, and in broad terms, was accepted by the Aligarh School scholars. In the modern version of the same thesis, the Mughal state did not need the merchants as an ally because it earned more than enough money from land taxes (Blake, 1991; Pearson, 1990; see Mentz, 2005 for a discussion). In Mughal India, taxing the merchant was not a significant source of income for the state, and was thus left to a certain degree of arbitrariness, allowing local agency, and even extortionist practices. The bureaucratic state might stifle guilds or pre-empt these in two ways, by making merchants an unimportant

actor in fiscal administration, and by an atrophy of the town government, which became a mere point of land-tax administration rather than that of mercantile enterprise. This model can be contrasted with economic change in late-medieval Europe wherein the state's dependence on land taxes had fallen, the town had emerged a source of tax, merchants and urban administration could both be better-off by collaborating, and the guild acquired its distinctive rights, even though these rights were later sold and resold to others, and eventually revoked.

It needs to be noted at this point that in subsequent research on South Asia, the concept of the bureaucratic state has been questioned. Princes who owned merchant marines or the 'portfolio capitalists' of the southeastern coast, and the notion of 'segmentary' rather than centralized state, modify the state-merchant opposition in fundamental ways (Stein, 1980; Subrahmanyam, 1990). Reinterpretation of eighteenth century northern India as a world in which merchant capital consolidated itself has a similar implication (Bayly, 1983). If the centralized state concept needs revision, it remains true that a great deal of the commercial opportunities in the South Asian world was tied to land and land-tax. In that sense, merchant capital, where it was successful, was either relatively marginal to the territorial states, as in the case of the Indian Ocean trade, or part of their fiscal enterprise, as in the case of revenue farming.

If the formal guild or monopoly rights were unattainable, for most purposes it was rendered unnecessary in the presence of other types of collective institutions. Let us return to the artisan first. We know little about how the north Indian karkhana survived the eighteenth century. The history of some industries, such as shawls in Kashmir, suggests that the karkhana became a private firm catering to merchants in overland trade with Europe (Irwin, 1954). In those industries where long-distance trade developed early, karkhanas must have altered their nature earlier. But such early transition was almost certainly not the rule. By and large the concentrations of skilled artisans in the eighteenth century tended to be cities with powerful regimes. The fundamentally non-market character of most karkhanas might have diminished, but could not have withered until the nineteenth century. In a recent study on music, a detailed description of the royal karkhana of the early-twentieth century Baroda court, with elaborate printed regulations that applied thereon, is available (Bakhle, 2005). I shall shortly return to the theme of what happened to the karkhanas.

By the late nineteenth century, however, the power of the patrons with almost limitless purchasing power had more or less dissipated, and whatever collective institutions existed, had to become market-oriented. We now come across a number of descriptions of collectives – in some cases the word ‘guild’ is actually used.

Historians of medieval urban economy noted the general scarcity of trade guilds in the Deccan, with the significant and noticeable exception of Ahmedabad. It is possible that trade guilds existed in the Eastern Deccan, the later Maratha territories, before the Muslim conquest, and atrophied thereafter. When in 1675 the British in Bombay tried to revive goldsmiths and silversmiths guild in a bid to prevent debasement of metals, the attempt had to follow British statutes and conventions rather than any existing Indian custom.⁴

The four clusters in which I find it convenient to classify the modern examples of collectives of producers or traders are: the Ahmedabad guilds, artisan panchayats, master-artisan collectives, and merchant communities. Between them, the nature of the regulatory system differed. The Ahmedabad guilds came closest to being formal associations, but restricted themselves to regulation in the product market. The next group, artisan panchayats, was mainly engaged in regulation in the product market, occasionally devising rules for work and workers as well. The third group, master-artisans, was mainly interested in devising collective rules to regulate the labour market. In the most famous of these four examples, merchant communities used ‘community’ to regulate distribution of entrepreneurial resources such as capital and trust.

Trade guilds of Ahmedabad

The strength of the institution in this one town is evident from its survival into the nineteenth century. W.W. Hunter’s *Imperial Gazetteer* observes (1885: 87-8) that

..the system of caste or trade unions is more fully developed in Ahmadabad than in any other part of Guzerat. Each of the different castes of traders, manufacturers and artisans, forms its own trade guild. All heads of households belong to the guild. Every member has a right to vote, and

⁴ Fukazawa (1982: 311-2); this remains the only significant reference to the ‘guild’ in the *Cambridge Economic History of India*, volume I, the benchmark study on medieval India.

decisions are passed by a majority of votes. In cases where one industry has many distinct branches, there are several guilds.

For examples, among potters, the gazetteer reports the existence of separate guilds among makers of bricks and tiles, and makers of earthen jars. In 'the great weaving trade', silk weavers and cotton weavers belonged in different guilds. The objects of the trade guild were, 'to regulate competition among the members, and to uphold the interest of the body in any dispute arising with the other craftsmen'. One interesting instance of collective bargaining is cited. In 1872, the cloth merchants decided to reduce the charges customarily paid to the sizers. The sizers struck work. Both actions were possible because of the existence of associations. The dispute lasted six weeks, before an agreement was signed on stamped paper. One common instance of regulation of competition was the agreement to work short time. In 1873, the Ahmadabad bricklayers experienced a sudden increase in competition from among daily-wagers. Given the allegation of rising unemployment, the guild met, and decided that none should be allowed to work extra time. 'The guild appoints certain days as trade holidays, when any member who works is punished by fine. This arrangement is found in almost all guilds.'

The decisions of the guild are enforced by fines. But often there were cases of refusal to pay. Then,

the members of the guild all belong to one caste, the offender is put out of caste. If the guild contains men of different castes, the guild uses its influence with other guilds, to prevent the recusant member from getting work.

These fines and a steep entry fee from anyone wishing to start trade in the town formed the income of the guild. Entry fee was perhaps correlated with required skill. '[N]o fee is paid by potters, carpenters and other inferior artisans.' Further, for a son succeeding a father in the license to carry on an independent business, the entry fee was waived. 'In other cases the amount varies, in proportion to the importance of the trade, from £5 to £50.' The guild spent its money mainly on community feasts and on rarer occasions, general charity. The guilds also maintained community hotels.

Artisan *panchayats*

Although such institutionalized forms of association remain rare in colonial India, a variety of clubs and customs do find mention. The most common local terms

were panchayats or community associations and *biradari*, literally brotherhood or fraternity, the latter a term having a significant historical association with the guild. These clubs were almost always present in craft towns of the western Gangetic plains, especially when artisans-cum-merchants handled expensive raw material.

A nineteenth century example is the smelting of precious metals. To maintain purity, smelting used to be done in Lahore, Delhi and Lucknow in common premises monitored by bodies like town councils. The maintenance of the furnace was done for a fee imposed on all members of the silver or jari merchant community. In the 1880s, it was found that the fee had no legal force. 'Renegades' took advantage of this, and eventually, the payment ceased, weakening the very institution itself (Burden, 1909: 9-10). Further examples of a similar nature from the interwar period come from Benares:

A distinct set of goldsmiths called *sodhas* handle gold and silver bars for converting these to wire. They are prohibited from dealing directly with the gold and silver merchants until the bar passes through the panchayats of the *sodhas* who guarantee the weight in payment of a fee from both the merchants and the goldsmiths (Majumdar Choudhury, 1930: 375).

From the same town, among the silk *kamkhwab* weavers:

There is no union or trade guilds but customs are observed like laws, and so there is no lack of discipline. A few years ago, a disciplinary committee was formed and constitutions were made ... But the committee failed due to the manager's embezzlement of the common money (Ibid., 387).

Clearly, there was greater scope for free riding in a formal rather than the informal association, though cases such as the desire to move towards a formal guild might itself signify weakening of custom.

The brotherhood concept spilled over to the merchants too, who in Benares silk weaving, rose from the ranks of the artisans themselves. 'There is a compact sense of brotherhood among the different members of the panchayats.' (Majumdar Choudhury, 1930: 371). In this case, the commitment was used to protect advances made to individual workers. If anyone disappeared with the money, the panchayat made sure that the person did not take a job with another member.

Artisan panchayats could take up technological challenges. In perhaps the most well-known example, these efforts made the panchayat and the larger community almost indistinct. The Sourashtras were a small community of silk and cotton weavers

and dyers based in textile towns of South India, the most important settlement being Madurai. Numerous reports from the colonial period suggest how the economic growth of Madurai owed to the Saurashtra merchants and silk weavers, who have .. come to a foremost place among the ranks of [the town's] citizens' (Thurston, 1909). Madurai silk derived its historic reputation mainly from a red dye. In the late nineteenth century, when the dye material changed from a local plant to the mineral-based dye then imported, the adaptation of the dye to the particular style of weaving posed a problem. The problem was solved largely through collaboration between a German dye-maker and a few Sourashtra technicians-cum-entrepreneurs. Once the new technology was found usable, it spread quickly among the community. But it needed specialized factories to enable standardization and economies of scale in handling raw material. 'Red factories', consequently, mushroomed. Fifteen years from the first experiment, Chatterton wrote that 'the suburbs of Madura are now almost entirely covered with drying yards'. In 1921, half the Madras Presidency's import of synthetic dyes went to just one town (Ranga, 1930; All India Handicrafts Board, 1964).

The period between 1880 and 1920 witnessed not only the economic transition described above, but also the deployment of an explicit sense of community in restricting access to the new knowledge and yet diffuse class formation within the group. A number of contemporaries attributed the quick spread of the new knowledge and yet its restriction to one town and one group, to the role of 'caste' as a craft guild. What mattered was not only that the owners of the dyeing factories knew the specific formulae, but that they could secure cooperation from the workers not to work for or divulge these to outsiders. Skill-retention and training are described by observers in terms that almost depict a formal guild. Indeed, in some of these writings, the word 'guild' was used (Saunders, c. 1920-22; Sastry, 1925). And yet, no formal guild actually existed. What did exist was a correlation between community and skill, and attempts to perpetuate it. The following are two examples, fifty years apart. In 1925,

Closest secrecy is maintained in preserving [the Saurashtras'] trade secrets. Even in the employment of non-Saurashtra labour in the dyeing process, this point is as a rule strictly followed. Only Saurashtra workmen are engaged in the steaming process. In fact, wherever an element of brainwork is wanted, the Saurashtra maistries alone are wanted (Sastry, 1925).

and as recently as 1976

There are some trade secrets pertaining to the work of textile printing. These secrets are never divulged to any body, particularly a non-Saurashtrian. The non-Saurashtri labourers are engaged in textile printing, but they are not shown any secret of the trade. (Dave, 1976)

The other side of such exclusion was 'strong *esprit de corps*', a constant theme in the context of Madurai's quality of work. It can also be found or invoked in other contexts, like the rarity of violent disputes, and diffused class-formation. Even as capitalism grew roots in Madurai, Sourashtra production remained confined in families and there was a remarkable weakness of proletarianization in the community. To a large extent this was made possible by an informal agreement among the employers not to employ outsiders in this business. Indeed, new entry is so difficult that it appears as 'virtually a closed industry so far as the labour force is concerned', the stated reason being the historic association between Sourashtra labour and high-quality work (Singh, 1981). The unity was also seen in matters of trust, '[T]hey are very keen to stick to truth in their dealings' (Dave, 1976). And they 'seldom borrow from other than their castemen' (Saunders, c. 1920-22:116). The turn of the century also saw the most significant attempts to consciously recreate a Sourashtra identity. Linguistic-literary movements, and institutions associated with identity-formation and assertion of common identity, had their origin in these decades.

Master artisans

At 1900, royal karkhanas affiliated to regional courts still existed, but this was a minor context for the use of the term. The more commonplace context was urban artisan organization. The terms that described urban artisan organization in the nineteenth and early twentieth centuries - karkhana, karkhanadar, ustad and shagird - were inherited from precolonial period. The term karkhanadar deserves particular attention because it symbolized regulation and hierarchy of an informal kind.

By 1900, the word karkhana had bifurcated into two distinct sets of meaning. Outside northern India, in the handloom weaving towns of Bombay-Deccan, karkhana referred to any small factory and the karkhanadar to the generic owner of the factory. In the early nineteenth century Kashmir shawl, Irwin (1954) states, the term karkhanadar referred to *owners* of karkhanas, who in turn hired masters. In this wider usage, the words had clearly lost the institutional distinctiveness and political character that it once represented in the urban artisanal tradition of the Gangetic plains. In its

homeland in north India, however, karkhana retained shades of the older meaning. Here again karkahana referred to a workshop, but the karkhanadar was not necessarily the generic owner, but a master. In the late-Mughal system, the word karkhanadar referred to an administrator, in the nineteenth and twentieth century to a skilled master with some access to community resources for labour control.

Most instances of collectives that we do come across in the nineteenth and twentieth centuries refer to regulation of master-apprenticeship relations and protection of knowledge.

Karkhanadars of Benares (silk), Lucknow (embroidery), Moaradabad (brass)

In these three examples of established urban crafts that survived into modern times, the karkhanadar played multiple roles. There was first of all a simple management function of avoiding fraud. In Lucknow, 'orders in bulk are not generally trusted to the ordinary workman until he can show some standing as a karkhanadar' (Bhattacharya, 1930: 394). There was, secondly, a more complex management function, coordination. In United Provinces generally, the karkhanadar in many instances coordinated between processes. But he also kept accounts, guaranteed quality, supervised artisans, and trained artisans (United Provinces, 1930: 362-4). Supervision and training were widely believed to be the most important roles, and in some situations dominated the other roles of coordination and trust. In Benares brasswares, 'the karkhanadar's position is that of a foreman in a factory ... The karkahandar has little connexion with the business side of the industry. The karkhanadar is only responsible for the work by the workmen. Usually he permits a few apprentices to be taken in by the workers' (United Provinces, 1930: 362-4).

Karkhanadars, thus, were men 'higher in status than the workmen. Every workman, therefore, aspires to become a karkhanadar .. several workers sometimes combine to run karkhanas on a profit-sharing basis (e.g., brass workers of Benares).' (United Provinces, 1930: 362-4). Since the karkhanadar was not strictly a capitalist, the worker working under him was 'neither strictly a wage-earner ... nor precisely a home-worker. He is a combination of the two and perhaps more of the former' (Bhattacharya, 1930: 394).

The propensity to form a cohesive group entered this ambiguous relationship between the karkhanadar and the worker, especially where some training was

involved. Karkhanadars tried to regulate the progression of workers into their own ranks. According to reports, anyone with some money and a reasonable reputation could set himself up as a karkhanadar. But a moral economy intervened. Karkhanadars insisted on rules governing time of service. In Lucknow embroidery,

It seems to be an unwritten law with the karkhanadar that until a man can show some six years' work in the city he is not to be given the full wage. And the worker, whatever efficiency he may have obtained, submits to the rule, for the refusal to accept underpayment may mean starvation for him' (Bhattacharya, 1930: 396)

In Benares brassware and cotton carpet manufacture, 'apprenticeship is restricted within the caste' (Majumdar Choudhury, 1930: 378). In Moradabad brassware, there was a rule that if any karkhanadar trained one from outside the community, he was 'outcasted' (United Provinces, 1930: 379).

There are references in these sources on how artisan collectives became vulnerable. In Moradabad brassware a training school was established, so that 'the barrier, even when it exists, is slowly and steadily declining' (United provinces, 1930: 379). When demand declined or quality became a less serious consideration than before, merchants often dealt directly with artisans rather than with karkhanadars. And, in one interesting example, in Lucknow, the embroidery craft slowly passed from men to women inside households. 'The spare-time workers .. are satisfied with almost any remuneration..' Women rarely combined, questioned the authority of the dealers, or negotiated with them, and therefore the merchants/artisans dealing with women did not need the protection of a quasi-guild (United provinces, 1930: 380). Extending the same principle, in the 1920s, the craft moved further away from city women to rural women 'in the villages around Lucknow who are content with even lower wages than their sisters in the city' (*Ibid.*). In new and relatively more mechanized trades, such as manufacture of knitted textiles, the karkhanadar felt much less threatened by the worker. Individual craftsmanship was a less important resource here than was capital. The masters themselves opened training classes in which anyone could join (Majumdar Choudhury, 1930: 387).

The building trade in Punjab

The master-apprentice relation was governed by a set of rules that had enough force in the interwar period to ensure that new entrants followed the rules.

The clearest expression I can find of these rules comes from the cities of northern India, mainly, Lahore, Amritsar and Agra. The artisans were mainly Muslims, who recruited apprentices from outside their immediate families. By contrast, Hindu artisans in southern India by and large worked in family units. Recruitment occurred along hereditary lines rather than a formal master-student system. A 1940 description of artisans of Lahore offers a detailed picture of the former system (Punjab, 1941). The report surveyed conditions of carpenters, blacksmiths, metal-workers, and bricklayers mainly. Lahore, like many other commercial-industrial cities of the time, had experienced a construction boom in the 1920s fueled by profits made during the First World War. The four types of artisan surveyed were directly or indirectly connected with the building trade. At the time of the survey, the industry was recovering from the worst effects of the Depression, when all construction activities had stopped. This unusual state colours the description to some extent.

Some of the main features of employment practices need to be stated.

- a. There was a deliberate attempt to keep family and apprenticeship distinct; even when the father was an artisan, it was customary to have the son trained by another master (*ustad*), or face the stigma of being called a *be-ustada* or self-trained.
- b. On completion of training, the ustad issued a *sanad*, or license. Some artisans were 'of the opinion that all the earnings of an artisan would be *haram* (unlawful) unless he got a *sanad*'. But this statement hints at the existence of such unlawful practices in some quarters.
- c. The apprentice paid only a token fee to the ustad at the time of joining, which consisted of a turban, a scarf and sweets. He was expected to render service not only in the workshop, but also at the master's home. This description referred to a period when the demand for apprentices was brisk, and the apprentices themselves on occasion received some money.
- d. The period of apprenticeship varied between one and ten years. When the apprentice came from an artisan family and had already been trained well, the training period could be very short. For someone without previous exposure to the craft, the training period could be long. In the construction

- trade, long apprenticeship was common because many new entrants came from farming background.
- e. While entry from peasantry to artisan occupations was relatively easy in some cases, exit from artisan occupation could be difficult. 'According to some Muslim tarkhans [carpenters] their family traditions were such that they could not give up carpentry and take to a new trade; to do so made one an object of ridicule in the *biradari* and even deprivation of its privileges, such as inter-marriage.'
 - f. Attainment of masterhood had meaning not only inside the trade, but also in the wider market for high-quality skills. For example, railway workshops, when they hired a construction supervisor or a contractor, looked for persons with the *ustad* status.
 - g. A 'licensed' artisan was not necessarily the same thing as being reputed in the trade. Fresh graduates of the apprenticeship system followed individual masters in the early days of their careers, until they themselves were known enough to receive independent contracts.
 - h. The term 'guild' does appear in this description in one context. *Raj* was the name given to the *ustad* in the building trade 'by the ancient "guild" of brick-layers'. No details are available on this institution. If it ever existed, its disappearance was easily explained by the entry into the building trade from rural classes, an effect of the 1914-29 economic boom in Punjab. A more informal collective was the *biradari*. Its significance appears to have been confined to imposing some form of social sanction for breaking an undefined set of rules.

From elsewhere in the urban crafts of interwar India, glimpses of a similar set of practices can be had. One example was the cotton carpet industry of Patna city, where 'The work generally is done by hired labourers (under the guidance of one who may be called master worker or Malik of the Karkhana) who are all Muslims' (Mukherjee, 1936-7). There is a mention of *birádari* among artisans of urban north

India in one source on silk weavers (Yusuf Ali, 1900: 102). But, as Yusuf Ali himself qualified, nowhere did *birádari* mean formal rules and regulations. 'Organized guild' in that sense 'are unknown'.

Merchant communities

The relevance of 'community' to the study of modern Indian mercantile and industrial enterprise has been stressed by many scholars (Rudner, 1995; Ito, 1966; Lamb, 1955; Brimmer, 1955; Markovits, 2000; Roy, 1998; Timberg, 1994), even if, as Helen Lamb astutely observed, community was probably just a transitional phenomenon.⁵ In this context, community does not really stand for a sociological unit with standard characteristics, but an *organization* that utilized social ties and was deployed to serve business interests. Nearly all illustrations of business community suggest that marriage and kinship cemented these groups. Caste in this context defined the boundaries within which marriage could occur. Community, thus, was a collection of families connected both socially and through business ties. And yet, these groups were neither just a collection of families nor just a club, and by no means did community imply equality within the group. Rather, business communities were hierarchical organizations where the hierarchy followed certain recognizable rules and patterns of seniority. The business family differed from family as such by incorporating these rules. In the so-called family trees of business families, for example, one would observe the play of rules of succession and male preference. The end of the community, an ongoing process in South Asia, has usually involved challenge to these rules by insiders.

Further, this collection of families were also rather like firms that were shaped as much by family values as by business values.⁶ Brimmer (1955) writes

.. there existed between the family-firm and the trading community of which it was a member an informal relationship symbolized by a very strong sense of responsibility for the well-being of one's community fellows and an overt preferences for dealing with them'

Keeping trust in the presence of asymmetric information was one important function of the business community.⁷ A variety of other support functions such as supply of credit,

5. '... people emerge from traditional business activities into modern business as members of a group', but tend to shed that 'communalism' in the course of associating with other groups via modern industry and banking.

6. On shared identity, see Ito (1966). On the complex link between family and marriage customs, the family firm, and the trading community, see Brimmer (1955); Lamb (1955); Morris (1979) and Papanek (1973).

easier travel, profit-sharing, apprenticeship, were also usually involved. Community has also been used to suggest degrees of entrepreneurial exposure, closely related to training and apprenticeship, and in the sense of exclusion (Nandy, 1973; Bagchi, 1994; Goswami, 1985). While the link between social ties and community ties remains open-ended, the creation of cooperative community usually goes along with a more general process of identity-formation, of which there are many examples.⁸ In some ways, bankers furnish the best example of cooperative communities.

Two groups of merchants and bankers from the Shikarpur and Hyderabad towns in Sind, a province in Pakistan, spread out worldwide between the eighteenth and the nineteenth century. The Shikarpur group financed overland trade between South Asia and Central Asia, remitted money, and supplied credit locally. Their members set up posts in towns spread over a very large area, carrying on sometimes at risk to life and property. The Hyderabad group consisted of merchants who entered international trade later, but globalized operations in the same way, eventually setting up posts from Kobe to Panama. Both these cases of dispersal were associated with early modern trade, new consumption patterns in the west, new commodities in international trade, and rural commercialization in various parts of the world. Later, modern transport and communication played facilitating roles. The technological aspect of mobility, in fact, accounts for major differences between the two groups. That the merchants were subjects of the British Empire helped in most places except in Soviet Central Asia. But it did not impose an easily predictable pattern on the destinations.

Lower Burma became part of the British Empire in 1852. At that time the economic potentials of the Irawaddy delta were largely unutilized, though the British understood these potentials well. Among the many reforms enforced was a modified *ryotwari*, which enabled land-holdings to be mortgaged. Between 1852 and 1900, cultivated acreage expanded by five million, and rice exports grew from less than two hundred thousand to more than two million tons. The boom slowed in the early-twentieth century as land became scarcer, and it ended in the Great Depression. Although in the early stages of the expansion, local labour and finance played a major

7. See Timberg (1994); Mines (1972); Krishnan (1959) for discussions of these functions in a variety of contexts.

8. Several ethno-historical studies of industrial-financial groups have discussed this process, and noted the role of Sabhas, temple trusts, educational institutions and collective worship in it. See Rudner (1995); Lynch (1969); Saberwal (1976). Rudner suggests that notions of social organization among industrial-financial groups tend to 'fall outside most standard views of caste social organizations', p. 214.

role, after the 1880s, labour and capital came from migrants. Between 1880 and 1930, Chettiar firms met an increasing part of credit demand of peasants, superseding Burmese firms engaged in credit and commerce. This ascendancy has been explained in terms of the Chettiars' superior business organization that had long been at work, in particular, to long apprenticeship, training in business ethics and techniques (such as a special accounting system), group solidarity, inter-firm lending, and informal sanctions to minimize default within the group. Chettiar enterprise in Burma, however, became caught up in an economic and political crisis in the 1930s, eventually forcing most firms to leave Burma.

These firms formed 'networks' in that the participants shared scarce resources such as credit and information. They functioned in environments that lacked efficient regulatory or communication systems. Yet opportunism and fraud by insiders did not threaten the network. The explanation seems to lie in the fact that the firms recruited principals and agents from the same social pool. Community was an important resource, and yet communal cooperation, founded on a mix of calculation and emotion, was neither invariant nor free from contradictions. A large part of the success as well as failures derived from who gave directions to whom. Hierarchical authority was intrinsic to the success of the community, but since hierarchies were often based on seniority rather than managerial competence, challenging authority was also not unknown.

In the nineteenth century, many Indian workers also went to work in the tropical colonies, and created settlements there. These settlements and the merchant diasporas differed on one significant point, among possibly many. With both labourers and capitalists, the individual who travelled abroad continued for some time to be part of a social-cum-economic unit that remained behind. In the case of merchant migration, the economic ties were of a principal-agent type, resulted in two-way flow of benefits, and formed part of a system of inter- and intra-firm dependence. With migrating labourers, these ties were less systematic, more asymmetric, more emotive, and weaker as a result.

Conclusion

I now tie up this diverse material into four propositions.

First, the material suggests the rarity of associations containing the formal character of a European guild in late-medieval to modern South Asia. It is not even

certain that professional associations that were monopolistic and political once existed and disappeared through a competitive process. At least the existing evidence on the subject does not clearly point to such a hypothesis.

Second, collective regulation of product, labour, and entrepreneurship was common. The artisan panchayats, master-artisan combines, and merchant communities were all engaged in doing this. It is also possible, and indeed hinted at in scholarship on the artisan, that the strength of caste and community associations in fact increased from the mid-nineteenth century, signifying the fact that these institutions did have a positive role in mitigating the hazards of new kinds of competition (Haynes, 1983, 2001). I have suggested, in the case of North Indian karkhanadari that these informal institutions may have had roots in older practices (Roy, 1999).

Can we read a pattern in this variety? Did regions, cities and castes devise their own regulatory system in a random way, or was there a general framework of regulation working behind all these examples? Here comes the third proposition on the origins of informal collectives such as we encounter in South Asia.

Let us proceed with the assumption that the guild was unnecessary in South Asia because some of its major functions could be addressed by other means already available in premodern enterprise. I have made the point elsewhere, in a context of labour control, that the early employers in mills, plantations, or overseas labour markets would have found two readily available models of labour organization in India of the 1830s, which I call the master-artisan model and the headman model (Roy, forthcoming a). Many villages under joint landlordship or communal control over resources had the institution of headman already firmly established. Contemporary observers noted the existence of a powerful headman in all such contexts. The most common mode of contracting in the nineteenth century artisanate was putting out by using the services of a master artisan, or in some case, headman in a weavers' village. A great deal of the research on early modern textile exports from the Coromandel coast revolves on the role of the headman. In both cases, one among the collective undertook to deliver a contracted quantity and quality of effort. I wish to extend this argument to the management of productive resources other than labour.

My third thesis in this paper is that the guild was unnecessary because two pre-existing models of control over entrepreneurial resources were already in

existence: masters and community. I also wish to suggest that these two were not distinct systems, but mutually compatible, even two sides of the same coin. In descriptions on the master-artisans, the community is visible in the background, in writings on the community, headship is visible in the background. Community control over resources was prevalent and successful among South Asian merchants, as numerous studies have shown. In almost all cases, community and hierarchy joined together, and reinforced one another.

The cooperative community was, like the guild or the firm, an institution that reduced certain types of transactions costs. Between these three types of non-market hierarchies – the firm, the guild and the community - conditions of entry differed. The entry into a firm was conditional upon a promise to deliver service, that into a guild was fee-based, and entry in a cooperative community was relational. These relationships were structured by drawing on kinship and other social conventions. Thus, between the three, the cooperative community was by nature the most informal. And yet, that informality had notions of seniority, rank and precedence built into it. None of these institutions was democratic. The cooperative community was probably the least democratic of all, since questioning economic authority in this set up amounted to questioning social norms. The ustad, karkhanadar, or more generally the headman, was not a different system from the merchant community. The headman was intrinsic to the idea of a community. The head represented the channel of negotiation between the community and the market, a channel without which presumably the community would break up into chaos. In many instances from South Asia, what we observe is this community-cum-headman package, as an alternative to the guild.

That being said, the master-artisan was a particular kind of headman, in possession of technical knowledge and in principle a vehicle of innovation and a conduit for acceptance of innovation. I have argued elsewhere that this particular role of the master artisan introduced a certain degree of instability in the master-collective relationship by generating adverse reaction to innovation (Roy, forthcoming b).

Formal and informal rules might become equivalent in terms of regulation, but these were not equivalent from the perspective of association building and law-making processes. Informal rules were not substantively equivalent, and not a sufficient substitute for formal statutes. This is the fourth proposition of the paper.

Community-based institutions were by definition exclusionary institutions, whereas guilds were exclusionary according to historical circumstances. Further, the absence of formal statutes meant that when contract laws and associational laws were finally written out, the model was the English practices rather than any Indian benchmark.⁹ Third, community-based alliances were social institutions that did contribute to a measure of mutual trust and responsibility in intra-community dealings, but did not create the 'consciousness of being men of the same calling' (Das Gupta, 2004: 131). Caste brought people together, but only on the social level; and I would add, it created divisions within a profession, for 'birth still is a more important fact in India' than profession (Das Gupta, 2004: 130, 193). With a few exceptions, the associational principle never had the chance to detach itself completely from social ties.

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⁹ Contrast property in land, in which sphere custom and British ideology interacted to give rise to a monstrously opaque system of laws.

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