

A Study on “Rich Heritage of Indian Business and its Contribution to the Global Market”

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Abstract

The study of the evolution is not merely fascinating in itself but is also a useful preparation for the managerial career. Unfortunately the typical Indian manager trained in science engineering or commerce has never been introduced to the value of history as a doorway to the present. This paper brings forward the Indian business scenario in past the phases of growth and development of trade and commerce and the contribution of India to the world of business.

Keywords: Indian business, Ancient period, Medieval period, Modern period

Introduction to Indian business heritage

India is known for its rich cultural heritage. However it has known to many that India was a well developed country in terms of its economy and business. Excavation written records literature and above all India's immense wealth that attracted several foreigners to attack India are testimony to this fact. The Indian civilization was not only agriculture based but there was also flourishing trade and commerce both inside and outside the country. It had contributed immensely to the world of business was unique innovative dynamic and quantitatively superior to many other countries of that time.

Indian business in the past

In the early days the Indian economy was totally based on agriculture. People used to produce whatever they required for their self-consumption.

There was no need for sale or exchange of goods. But later on needs of the people increased and so did the production. People began to specialize in producing different luxury and daily use and did not have skills and time left for production. However they were able to produce surplus items with increase in their efficiency. So a system of exchanging surplus items with the items of need evolved. This was the beginning of trade.

It is normally understood that India has proposed a great deal in the modern time, especially after independence in the field of business and trade. Pt .Jawaharlal Nehru used to refer to business studies factories and industries as temples of modern India. India has become a strong country in terms of industrial growth so much that we are able to produce almost all goods of our use indigenously. This however does not mean that there was no growth and development in these fields in the past in India. In fact India has a very rich heritage in trade and commerce which can make any Indian feel proud of.

People will be surprised to know that India began its journey in the field of trade and commerce as back as 5000 B.C . Historical evidence are there to prove that proved that planned cities were available in India at that time and Indian textiles, jewelers and perfumes used to be admired by the people all over the world. Indian traders were using currency for business since a long time. There used to be guilds to protect the interest of traders, artisans and producers. This is an indication of the complex development of trade

and commerce in India. Apart from the strong network of internal trade routes, India had also established trade links with Arabs and Central and South East Asia.

India had been in the business of producing a number of metal items like brass and copper idols, vessels, ornaments and pieces of decoration. India used to export as well as import a number of items to and from different parts of the world. It is also well known that the British first came to India as traders, which led to the establishment of their rule here.

India has also contributed to the world of trade and business in number of ways. The numerical system of calculation used in modern time, was developed in India. The joint family system and division of labor in business have evolved here, which are practiced even today. The modern technique of customer focused business has been an integral part of Indian business since long. Thus, it can be concluded that India has a rich heritage in trade and commerce which has contributed to their growth the world over.

Growth and Development of Indian Trade and Commerce

Indian business used to be mostly need based, with least focus on profit in its initial days. With passage of time, it went through several transformations due to changes in customs and practice and patronage by different rulers. In this paper heritage of Indian business is discussed in three phases.-Ancient, Medieval and Modern.

Phase 1 - Ancient Period (up to 750AD)

The archaeological discoveries at Harappa and Mohenjo Daro point out to the fact that the people of India had a very advanced civilization from the times around 5000BC. These excavations gave clues to the Indus Valley Civilization and are characterized by sophisticated urbanism spread over an area of roughly 4,00,000 sq.km distributed in 70 uniform cities with planned settlements. Kautilya's Arthashastra, world's first comprehensive book on economics and politics,

also gives detailed instructions about establishment of a city. India also developed a most scientific and elaborate system for running the government and managing the economy as revealed by Arthashastra. The king used to have stringent control over the economy. Separate officials were assigned the duty of dealing with mining and metallurgy, metals, mint, salt, precious metals and jewellery and textiles. Land revenue was based on income from land and the rate of revenue was determined according to productivity and kind of soil.

- **Farming and Agriculture**

Tree plantation and preservation of food was very much prevalent in ancient India. There is ample evidence testifying the availability of expert skills in raising crops of wheat, rice, gram, pulses, sugarcane, cotton, pepper and ginger and in growing fruits like pineapple, oranges and mangoes in those days. Agriculture was not dependent on rains alone and special care was taken to provide irrigation facilities to the cultivated lands. The state was required to provide irrigation facilities to the cultivated lands. The state was required to provide sites, road, timber and other necessary items to construct reservoirs. Artificial lakes or tanks for storing water were common in India.

- **Exchange system**

In ancient period trade was mostly practiced under barter system i.e. goods were exchanged for goods. But difficulty in handling goods and fixing the exchange value of the goods led to use of some common items like shells, conches, food items etc. as medium of exchange. During medieval period metallic coins made of bronze, copper, silver and gold became popular among the people. In 1835 the East India company introduced rupee as medium of exchange.

- **Industry, Trade and Commerce**

Harappan relics dating back to 4500 years ago indicate the importance of industrial products and the nature of trade in the area. The economy of

the country was dependent upon agriculture, fishing and trading. The Indus seals authenticate the role of commercial consignment. There were large number of settlements around Saraswati River, which sustained a maritime civilization and a metal-based economy around 3000 BC. Western coast of India has been a scene of great maritime and commercial activity. India had flourishing trade with Babylonia, Egypt, Greece and Rome in 6th century BC. The export includes birds, beast, horses, ivory, cotton goods, spices, cereals and jewellery made of gold and silver, precious stones and above all silk. Since 7th century A.D India developed trade contracts with Arabs. The Arabs gradually became a link between India and Europe. The archaeological discoveries also establish strong linkage between India and Central Asia. The modern day Afghanistan was a big centre for Buddhism and Gandhara art. There were as many as three great Chinese traveler who had come to India and written a lot about it. India's link with South-East Asia is well known. Modern day countries like Srilanka, Indonesia, Malaysia, Philippines, Mauritius and other several other places bear evidences of their linkages with India.

Shipbuilding has been a great industry in India. Indians has been engaged in plying boats and ships; carrying cargos and passengers; manufacturing vessels of all types and dimensions; studying the stars and wind; erecting light houses and building ports, wharfs, dockyards and warehouses. Indian ships used to be considerable size.

Chinese scholar Fa hien returned from India around 400 AD on a ship carrying more than 200 sailors and merchants. This ship sailed directly across the ocean from Indian ocean. India was in forefront in this field and Indians ships flying its flag sailed up and down the Arabian sea, the Bay of Bengal, the Indian ocean and far beyond. River traffic within the country, shipping along the entire length of India's coastline and on high seas, was brisk until recently as the days of East India Company.

Mining and metallurgy have been among the strong points of ancient Indian business. Considerable progress has been made in regard to the metallurgy of iron, copper, zinc and the product of small alloys. The people of Harappa were well acquainted with the technique of production of bronze by mixing copper with zinc. The design of the smelter and its processing not only show a high level of engineering skill, but also a sound knowledge of chemistry. Mining and metallurgical technologies also include the intricate art of ornamentation, metal carvings, bronze idol making, brass utensils and jewellery. Gold and silver ornaments are known since Vedic age for their superior artistic, scientific and engineering expertise of artisans, gold smiths and colorists who used natural chemicals. Extraction of silver is again a far more difficult operation than copper smelting, which the ancient Indians practiced.

Finest quality of cotton and cloth was prepared by Indian weavers and artisans and exported to other countries during the ancient period. Hand spun and handmade Indian muslin was the pride of India. Dyed cotton fabrics were also used. All colors used in dyeing were of natural origin and were enduring. India produced the finest yarn and had a flourishing trade of cotton and textiles with many countries.

• Guild System

The guild system was also in practice in India even in the early days to protect the interest of traders, artisans and producers. Guilds were the association of business having common objectives. They had their own rules and regulations to carry on the business honestly and smoothly. The behaviors of guild members were controlled through a guild court. The guild's laws were protected by the state. They had their own seals and banners for their publicity.

Phase 2- Medieval Period (750 to 1757AD)

After about 750 AD, India both in north and south was divided into many independent kingdoms.

So there was a considerable growth in size and number of towns. There was a marked expansion of craft production. Trade and commerce continued both within and outside the country. Various sea routes were discovered during this period. Metallic currency was introduced for the first time. Artisans were at a very high state of excellence.

Business heritage during Medieval Period

• **Trade Routes**

India has been well connected through roadways in the earlier time also. However, the roadways touched its height of glory in the medieval period. During the rule of Shershah Suri, the great Grand Trunk Road was constructed that stretched from Indus river from west to Sonargoan (Bangladesh). It was almost like modern day's highways having rest houses at regular distances throughout the road. During the Mughal period, a number of trade routes existed. There was one from Agra to Patna, another linked Bengal to Bihar through Orissa. In the North West the trade route from Agra linked up with the Central Asian routes at Qandhar via Delhi, Lahore and Kabul. The flow of goods between Gujarat and North India was carried through two main routes- first Surat to Agra via Western Rajasthan and the second Agra to Surat via Malwa and Khandesh. The network of these trade routes indicates the extent to which places in the deep interior were involved in inter-regional exchange of commodities.

• **Administration**

Administration of medieval India was excellent. A lot can be learnt from the administration of emperors like Shershah Suri, Akbar etc. Land revenue and tax system were well devised leaving no room for the citizens to grumble. There was delegation throughout the administration to make management of such huge empires possible. Coinage system which started during this period is continuing in today's time also.

• **Business**

Business was at its peak. Countless traders came to India during this period from all over the world including the British. Indian traders were expert in both domestic and foreign trade. During the Mughal rule, Indians were using indigenous financial instrument called 'Hundi', which is similar to the modern day Negotiable Instruments. It was so popular and authentic that later the Negotiable Instrument Act, 1881 recognized its use as a negotiable instrument. During this period India excelled in the art of perfume making so much so that many Europeans came to India to learn this technique of preparing perfume from natural flowers. Even today we find fragranced hair oils and body oils manufactured using natural flowers.

A number of industries of considerable importance developed during the medieval period. The importance ones were textiles, metal work, stone work, sugar, indigo and pepper. Indian textiles were well known. Indian metallurgy also enjoyed worldwide reputation. Various arts and crafts reached their peak during this period like stone carving, temple architecture, carpet making, utensils made of brass, copper and bronze etc. The state was liberal in giving grants to merchants and industry. The state also established royal karkhanas (workshops) to cater the Sultan and his family. In Muhammad Tughlaq's Karkhanas in Delhi, as many as 4000 silk workers used to weave and embroider different kinds of cloth for robes of honour. Practically every article of royal use, for example caps, curtains, tapestry, waistbands, sashes, shoes etc. were supplied by these Karkhanas. Thus, the Karkhana industry provided employment to large number of workers in the state. With the expansion of trading activities in the Islamic world, India acquired an added importance for west Asian countries. The Indian ports served as cleaning houses for the trade between the South-East India, East Asia and Western Asian countries. The main Indian ports which handled the bulk of India's foreign trade were Debal in Sindh, Broach and Cambay in

Gujarat, Thane in Maharashtra, Mangalore in Vijayanagar empire, Chou and Dabhol in Bahmani kingdom, Calicut, Quilon and Cape, Comorin in Malabar.

Many ports existed for foreign trade. India Exported a large variety of articles. These included both items of luxury and daily use. These articles were jewels, pearls, ivory, sandalwood, clove, pepper, coconut, camphor, brocades, cotton and silk fabrics, jute etc. Articles of imports were silver, raw silk, metals, coral, precious stones, textiles, perfumes, European wines, African slaves, glasswork and China porcelain.

It is learnt that around 1300 A.D. during the rule of Allauddin Khilji, a lot of marketer forms had taken place. In fact, Allauddin Khilji was the first Sultan who undertook market control in a serious and organized manner. The traders were asked to register themselves with the emperor's court regarding their nature and volume of business. Very stringent laws were passed to check unfair trade practices. Even market inspectors were appointed to ensure smooth business practices. Warehouses were constructed only by the royal court and there was public distribution system for distribution of food grains during the times of short supply.

Phase 3. Modern Period

India was under British rule almost for a period of 200 years in the modern period. The British came to India with an ambition to trade, which was gradually replaced with political and economic ambitions. They viewed India with its vast land and large population as a supplier of raw materials as well as a market for British industrial production. This ushered the application of modern technologies in India to facilitate the colonial rule.

Important changes during the British rule that influenced the shape of Indian business.

- **Railways**

Railway revolutionized the Indian transport system. The first railway line in India was constructed between Bombay to Thane in 1853. Within a span of four years many important cities were connected by rail. This mode of communication opened new frontiers for business at distant location. Movement of people and goods fostered the growth of every business.

- **Post and Telegraph**

During the same period telegraph was introduced in India. This played a major role in breaking the barriers of time and distance. Calcutta, Bombay, Madras and Peshawar were all connected to each other through telegraph, Posts and Telegraph were modernized by passing of law, the Posts and Telegraph Act in 1854.

- **Industrial Revolution**

Industrial Revolution refers to the shifting from a traditional agriculture based economy to one based on the mechanized production of manufactured goods in large-scale enterprises. Industrial Revolution occurred in Great Britain during the second of 18th century, which profoundly altered Britain's economy and society. Labor was transferred from the production of primary products to the production of manufactured goods and services. Technical efficiency rose dramatically, and cluster of enterprises within limited areas accelerated the process of urbanization. Production increasingly took place within firms and enterprises rather than in families or feudal estates. Tasks became routine and specialized. New social and vocational classes emerged, distinguished by their ownership or control of the physical means of production. This period was called as period of 'industrial revolution' or 'machine age'.

India became major market for consumption of all these manufactured goods and it was also the major supplier of raw materials. Indian produce

could not stand in competition with British items as they were cheap and of superior quality. Many industries were started in India during this period because of cheap and easy availability of labor. These industries used to be places of exploitation of the workers. Some acts like The Factories Act, Trade Unions Act and The Mines Act etc. were passed to regulate the working conditions and other related matters during this period.

India entered into machine-based mass production yet simultaneously it also inherited all the drawbacks of a large-scale economy. The national economy was shattered, the artisans of India were left with no option but to turn to factories as workers and farmers spent all their money in buying products. Cottage and handicraft industries suffered adversely because the flow of textiles and machine made goods from abroad.

• Modern Industries in India

During the second half of 19th century a few modern industries were introduced in India, which were fully owned and controlled by British companies. Although some industries were owned by Indians but they could not develop fast due to lack of support from British government. Cotton and jute, coal mining, plantation industries were the main industries at that time. The Swadeshi movement, which began in 1905, gave a boost to Indian Industries. With the development of roads and communication and because of the enterprising efforts of the Indian businessmen modern industries like iron and steel, cement, chemicals, automobiles, shipbuilding, sugar and textile mills were started in India during the first quarter of 20th century. J.R.D Tata established the first Iron and Steel industry in 1911 at Jamshedpur. Due to the growth of towns and cities and rise in urban population, the demand for the products also increased. This contributed to the growth of trade and various auxiliaries to trade like banking, insurance, warehousing, communication etc. Different forms of business organization like sole proprietorship, partnership and co-operative societies were very much prevalent in India.

After Independence, Government of India took over the responsibility of promotion of trade, industry and commerce. Government formulated five-year plan which started from financial year 2002-03. A number of large scale industries like iron and steel, chemicals, fertilizers, oil and natural gas, cement, automobile etc. have been set up both in private and public sectors.

Important Contributions of India to the World of Business

India has contributed significantly to the world of business right from the beginning. The modern day mantras of business have their origin in the past practices of India.

Major contributions

• The numerical and Decimal System

The number system of 1,2,3,4 ... referred to as Arabic number system was borrowed by the Arabs from India around 7th century AD. Later on Europeans learnt it from Arabs.

Indians were the first to express the nine numerals together with a zero sign and place notation. The Great Indian Mathematician Aryabhata's (5th century A.D.) text clearly implies knowledge of these symbols. Indians understood the importance of positive and negative quantities, evolved system of extracting square and cube roots and could solve quadratic type of equations. They developed an exhaustive vocabulary for naming numbers to facilitate calculations in addition, subtraction, multiplication and division. Rigveda gives names of fractions such as ardhā (1/2) and tripada (3/4). Maitrayi Samhita mentions Pada as 1/4, Sapha as 1/8, Kushta as 1/2 and Kala as 1/16. Sutras use the terms 'amsa' and 'bhoga' for fractions.

Ancient Indians developed a very high level of mathematics. The oldest Sulva Sutra of Bandhayan (600-500 BC) and Katyan (400-300 BC) formally state the Pythagorean Theorem. Aryabhata states the value of pie (π) 3.146 and the length of the solar year to 365.3586805 days. Both these are remarkably close to modern estimates.

- **Joint Hindu Business System**

Business if done in an organized way, with different individuals doing different things in a systematic manner, gives beneficial results. Indians have been running their business activities in a very systematic manner involving all the eligible members of the family in the business since ages before Christ.

A unique feature of the ancient Indian social life has been the Joint Hindu Family system wherein all the members of the family including the brothers, sons and grand children used to live together under the guidance and supervision of the oldest member of the family. Not only were they a well-knit social unit but they also carried on trade and business as a joint Hindu family. It emerged as a distinct form of business organization separate from the sole proprietorship, partnership or Joint Stock Company. All the male members of the family, including the minors, were the owners of the family business but the Karta (the head of the family) used to manage the business for the benefit of all its members. A person acquires the status of a coparcener simply by birth. In the case of death of any member, there is no succession and the remaining or surviving coparcener continue to be the equal owners of the business. The Karta manages the entire business and distributes the profit equally among the coparceners. He can enter into any contract; take loans and also the pledge the property of the family. The coparceners have no right to interfere in the management of the business; however the Karta may take their opinion or suggestion. Of course the coparceners are free to have separate property from other sources and that is considered as their private property. These private properties are not used to meet the debts of the family business. On the other hand, the Karta is held personally liable and his property can be attached to meet the losses of business if it has resulted due to his negligence. This safeguards the business from being badly managed. The joint Hindu Family

business continues to be an important form of business organization even today and is given a separate status in the Indian Legal System.

- **Division of Labor**

Division of labor is an indispensable ingredient of any organization. It means individuals should be doing that part of any work in which they are expert. In other words, work should be distributed among individuals on the basis of specialization. If we look into the Rigvedic society, we find that it mainly comprised four namely Varnas, Brahmanas, Kshatriyas, Vaishyas and Sudras. This classification was based on worldly occupation of people and not on birth. The teachers or preachers were called brahmanas, rulers and administrators were called, Kshatriyas, farmers, merchants and bankers were called vaishyas and artisans and laborers were called sudras. Within one family all varnas could be found. The Varna system could be referred to as the earliest evidence of division of labor.

- **Hundis**

For credit transactions, an indigenous financial instrument has been use in India since the Mughal period, called 'hundi'. The hundis (like bills of exchange) were used for safe transfer of money without carrying actual cash from one place to another and to raise short term credit repayable at another place. They bore no seal or signature of witness, but were always honored. They facilitated trade through convenient transfer of money.

- **Customer Orientation**

The latest concern of modern business today is how to create and retain customers. For this the focus is now on customers. Starting from designing for a product to after sales of the product, everything now is customer focused. This system was available in India since ancient time. The economy was village based. The traders in the village used to know each individual in the village. So, they had knowledge of their customer's tastes

and preferences. Products were produced keeping in mind who is going to use it. In other words, mostly products were customized. Marketing was relationship based. So, people used to take items on credit and they used to repay it back on the basis of their capacity. There was a close tie between the manufacturer, the middleman and the user. Thus, buyers were assured of the product as well as its future maintenance.

- **Emphasis on quality**

Indians had always given emphasis to quality over quantity. Indian artisans used to produce goods of best quality and paid individual attention to the products. This helped them specialize in producing a typical product, which varied from area to area and earned them Recognition. For example, the ancient Indian tribes used to produce the best variety of steel that prompted even the great King Selucus of Maurya dynasty to send him men to them to learn the art of manufacturing swords. Hand spun and handmade Indian Muslim was the pride of India Colors used by Indian dyers were enduring nature. The blue color was made by Indian dyers from herbs and is therefore commonly called as indigo blue (indikos is a Greek word meaning of India).The famous chikan embroidery work, the appliqué work, brass work, carpet work, Patachitra paintings, silver filigree work and many other are examples of the rich quality items produced by Indian artisans . All this suggests that India not only has rich cultural heritage but it had also contributed a great deal in influencing the system of business and trade to bring it to modern times.

Conclusion

i. India has rich heritage in trade and commerce, dating back to as 5000 B.C. During ancient period, crops, fruits, spices, etc were cultivated .Tree plantation and preservation of food were prevalent. Barter system gave way to use of shells, conches and food items as medium of exchange, India had a trade relations and Babylonia, Egypt, Greece, Rome etc. Ship

building, mining and metallurgy and handloom industries flourished and facilitated trade with many countries. The guild system promoted the interest of artisans, traders and producers in business. With the building of Grand Trunk Road and building of other trade routes trade developed further in the medieval period. Emperors during this period had efficient administration with advanced system of land revenue, tax and management. Business was at its peak. Industries that gained importance during those times were textiles, metal work, stone work, sugar, indigo, and paper, Royal Karkhanas (workshop) catered to the requirement of the sultans like caps, curtains, shoes etc. Indian ports like Debal, Broach, Cambay, Mangalore, Quilon etc. Facilitated trade between south-east India ,East Asia and West Asia .Art and craft (like stone carving, temple architecture , carpet making, metal utensils) as well as export import flourished. There were stringent laws passed during the rule of Allauddin Khilji for the market reforms and to check unfair trade practices . During the modern period, India was under British rule for a period of 200 years. The important events during this time that influenced Indian business were (1) the introduction of railways as a means of transport , (2)posts and telegraph to break the barriers of time and distance and (3) the Industrial Revolution that led to machine-based mass production . During this period Indian industries and artisans were adversely affected by the flow of machine made goods from abroad. But with the Swadeshi movement , development of roads and communication and the enterprising efforts of Indian businessmen, modern industries like Iron and steel, cement, chemicals, automobiles, shipbuilding, sugar and textile mills were started. After Independence, the government took over the responsibility of promoting trade , commerce and industry . Large-scale industries have been set up both in the private and public sectors .Hence it can be concluded that Indian business's deep rooted heritage has been guiding and will help it to give in future years.

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