

Business Management Practices in Medieval India

: Lighting the Path Ahead

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Abstract— Research into the economic history of medieval India with a focus on the study of select mercantilist communities in north-western part of the Indian sub-continent and their business administration, reveals the efficacious commercial management practices followed about three hundred years ago. Future entrepreneurs of a globally resurgent India can draw a lot of inspiration from the excellence of their predecessors in world-trade.

Keywords: *Hundi, Bania, Caravan Trade, Diaspora, Medieval World Economy*

I. INTRODUCTION

It is a well-established fact among historians of repute that pre-colonial Indian economy was rich and prosperous. The political stability ushered in by the Mughals gave a fillip to both internal as well as external trade. The drivers of this engine of growth via the medium of exchange were a range of communities which indulged in profitable trade in areas far and wide. Till what extent were these traders successful in carving out a niche for themselves in the contemporary world economy is a matter of intense debate and research among advanced scholarship on the subject. Also, the other important question is that what were the means and mechanisms through which they were achieving their ends?

A. Indo-Persian World Economy

Before the onset of European trading companies viz. the Portuguese Estado da India or the Dutch and English East India Company, Indian economic power and resilience rested upon two factors- the sea-trade and the overland caravan trade. While the former has received voluminous scholastic attention, the latter aspect of Indian economy had hitherto been neglected. However, it is this overland trade between India and other parts of the contemporary world that will form the focus area of this paper. The establishment of a *pax-Islamica* in the world during the sixteenth century A.D. with the political consolidation of three grand Empires – the Ottoman Empire in Turkey, the Safavid Empire in Iran and the Mughal Empire in India, facilitated a vibrant global economy stretching over far-flung areas and covering huge land mass of Central Asia. In order to comprehend this Indo-Persian world economy, it is imperative to discuss Indian economic

history as a provincial segment of a much larger South Asian – Central Asian regional history.

The testimony to this Indo-Persian world economy is provided by the huge multitudes of Indian Diaspora enlisted in cities like Isfahan (Iran), Astrakhan (a prominent medieval sea-port in southern Russia) and Bukhara (a famed commercial entre-pot of Turan now lying in Uzbekistan). The Indian Diaspora extended to Turan (the old name of the region covered by modern-day nations of Uzbekistan and Turkmenistan) and Russia which bolsters the claims of the Indian world economy. These Indian merchants were members of a sophisticated trading network which was quite identical to the financial characteristics of the Armenian mercantile Diaspora. There is a need to assign an appropriate status to Indian merchants in this world economy denouncing the tendency of European scholars to project Indian merchants as archaic commercial artifacts of early modern period. They are categorized by the term peddler which, in itself, signifies economic denigration. Dismantling many Eurocentric misrepresentations, it can be said that the Indian merchants closely resembled their well known European contemporaries – those in Genoa, Florence and Siena.

The participant Indian merchant communities included the Multanis, Marwaris, Khattris and the Gujarati Hindu banias. Way back in the sixteenth and the seventeenth centuries A.D. these communities operated in far off trading destinations as a rich and vibrant diaspora. Travelers like Pietro Della Valle, Mohun Lal, Alexander Burnes etc who traversed through Central Asia during medieval centuries reported that caravan serais at cities like Badakshan, Bukhara, Samarkand, Shiraz, Isfahan etc were dominantly inhabited by these merchant communities. These merchants did not restrict their commerce to import-export trade only which was carried on through caravans. Instead of a simple exchange of Indian commodities for other goods in demand in Indian markets and then returning home with the next caravan, the diaspora merchants remained in distant locations for extended periods of time and they engaged their capital in a variety of interest yielding money-lending operations. These merchants were known quite well across the length and breadth of the diaspora as a source of various types of short-term high

interest loans and for financing elaborate systems of urban and rural credit.

B. Trade Mechanisms and Practices

The strength of these merchant communities in terms of efficiently conducting long-distance money-lending operations accrued out of their position as agents of Indian family firms. Long before India fell prey to European capital and European merchants flooded the ports along the Malabar, Konkan and Coromandel coasts, Indian family firms based in the commercial centers of north India operated capitalized commercial institutions that maintained diverse portfolios of trade and investments. The amount of capital involved was gigantic and thus, it can be safely concluded that the roots of Indian capital lay in these economic enterprises and not in the purported European influence which is ascribed for it rather, erroneously. The period of European expansion in the Indian Ocean created opportunities of expansion for these very important sources of indigenous commercial institutions. The Indian family firms started the diversification of their trade portfolios geographically by sending agents to distant markets in port cities, villages and major and minor urban centers as far as Moscow and St. Petersburg

Trade and commerce over such an expansive tract of land was highly perilous, risky and fraught with danger. Considering the glaring differences in geography, culture, religion, language, law, climate and polity between homeland and these hostile territories, one can imagine the survival challenges faced by the traders in their day-to-day dealings. They were able to withstand such heavy odds due to their affiliations with the great family firms back home. The strong lines of communication between the different nodes are highlighted, thus. It is precisely through these channels of communication that the large-scale transfer of funds and capital could be organized by the means of bills of exchange. Pre-colonial Indian businessmen gave an excellent account of entrepreneurial skills and management by the efficacious and sophisticated use of *hundis*, ie. bills of exchange. *Hundis* were similar to modern day money orders or traveler's checks. They were written orders made by one person on the other for the payment, on demand or after a specified time, of a certain sum of money to a person named therein. It was an important tool of commercial technology in the hands of *sarrafs* and *seths*. It was useful as a means to remit payment for goods received or for the movement of capital between the central offices of financial houses and their agents in distant locations. The usage of *hundis* far and wide bears a testimony to the advanced trade mechanisms that they employed and its development and maintenance as a highly evolved system of monetary exchange and transaction. Such *hundis* were mostly issued by moneylenders but in some instances, traders and merchants also issued the same. High degree of reputation, professionalism and business communication existed in

earlier times also which is proven by the fact that *hundis* issued upon debtors were honored in distant places. *Mahajans* in Pali or Ahmedabad had their trustworthy agents posted in places such as Patna, Aurangabad, Calcutta, Agra, Lahore etc and they facilitated exchange of substantial sums of money within a short period of time. As pointed out earlier, merchants were operating in far flung trading towns all across Central Asia and at each of these distantly dispersed locations also, the mechanism of *hundi* transaction was active and thriving. There are innumerable instances in old documents which show that money got circulated through these bills of exchanges and changed hands at diverse places like Astrakhan, Kiziliar (Russia), Bukhara, Badakhshan (Turan), Isfahan, Shiraz (Iran), Kabul and Herat (Afghanistan). For instance, Alexander Burnes informs that he was offered the option of purchasing bills of exchange or *hundis* at the office of an Indian family firm at Kabul which could be encashed at Nizhny Novgorod, Astrakhan or Bukhara. He was highly impressed by the advanced and sophisticated commercial apparatuses made use of by Indian merchants in those times which rendered economic cohesiveness to a large land mass of the globe and fostered global connectivity.

CONCLUSION

The study of Indian merchant diaspora prevalent during the medieval times in areas as far away as Central Asia brings to light the vitality and dynamism of pre-colonial Indian capital and enterprise. We get acquainted with their sheer diligence, determination and ability to adjust to rapidly changing circumstances when we take into account their vehement effort to continue with their commercial activities in the face of hostile territories and severe restrictions on social liberties. Colonial historians played a malevolent role by portraying indigenous capitalist and mercantilist sections of the Indian society as decadent and stagnant. There is a need to research the new dimensions and contours of business management practices as followed in India during its heyday. At a time, when the whole nation is seething with new energy and entrepreneurial enthusiasm under a strong, visionary and dedicated leadership, it is highly opportune for the future Indian players in world economy to learn about the courage, volition, hardships and success of these entrepreneurs and businessmen of the Early Modern period.

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