PART II
Indian Retail Trade

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EVOLUTION OF RETAIL TRADE AND COMMERCE IN ANCIENT INDIA

To understand the basis and rationale behaviour of any retail system in to know what it was previously like and how it evolved into its present state. This is partly because much of any system is not significantly different from what existed in both the recent and distant past. In view of this, it was thought necessary to take account of stage of development of trade in India. This Chapter is designed to take historical review of development of trade as economic activity and to trace out the emergence of retail business in India. The Chapter is divided into two Sections, Section-I deals with the study of evolution of trade and commerce in India and Section-II devoted to study the growth of trade in pre-modern period.

SECTION I

TRADE AND COMMERCE IN ANCIENT INDIA

Before going to study the rationale behind the development of retail business and retailing structure
in India, it was thought necessary to take account of the stages of development of trade and commerce in Ancient India.

The study mostly covers (1) the role of Varnadharma in developing the trade, (2) the trading methods, (3) marketing structure and its control, (4) location of trade facilities in the town and (5) the major commodities in trade and financing facilities, State control on trade. The source materials for the study of commerce and trade before the 16th Century is meagre. The main reliance was placed on the research work relating to the development of inland trade in India, (where extensive use of chronicles supplemented by the writings of travellers, was made), the literary sources and to a very limited extend the semi-religious sources.

1. **Evolution of trade market and marketing institutions in Vedic period**

While discussing the scope of trade in the early period of Vedas and the period preceeding, N.C. Banerjee\(^2\) opines that as the period of early Vedas and the period preceeding it, was an age of economic self sufficiency, the scope of trade was very much
occasional and limited. But besides, the direct evidence of trade in the Rigvedic period, there are some indirect hints to show the state of self-sufficiency of wealth in the early Aryan community.  

The social institution "Varnadharma" - a social factor - seems more effective in promoting the economic notion of the commodities, and in bringing much of agricultural and industrial produce of household requirements to the class of exchangable goods. As before the rise of caste system most of the population was engaged in production. Every householder sufficiently produced for his food, cloth and equipments, and furniture by doing some sort of occupations relating to agriculture as well as industry. But this state of self-sufficiency was considerably disturbed due to the formation of Varnas which prohibited and restricted some of classes like Brahmins and Kshatriyas from pursuing the occupation of production like agricultural, cattle breeding and household industry. The conception of 'hinasiippa' which developed in the society must also have restricted the production of certain commodities for certain classes. Not only the conception of 'hinasiippa' but certain other industries and works
of art also became the specialised production activity of certain communities. Such division of labour also brought in its train the exchange of goods among those who undertook different sections of production. And such exchange in turn brought the phenomenon of the value of money and price.

With urbanisation of the Indus culture the trade became vitally connected with economic life of society. Trade in the proto-historic day made considerable progress and much of cultural and colonial contact of the Indian people with other countries seems to be the result of commerce. Parties of merchants went for maritime trade in the ships of hundred doors. Haggling became the practice of settling the prices of commodities. All these show that gradually trade became popular among Vedic Aryans. Though the Aryans began to take interest in the trade, a class of t traders known as Panis, however, incurred "intense dislike" to the composers of the "Samitha" (Sanhita). In the post-Vedic literature the word 'pani', occurs very rarely though the words panika, Vanika, Panyar, "Vipani" and pratipera in commercial sense and context became current in the language. Later on with the
assimilation of Paris, there arose a composite "Vaishya class".\textsuperscript{10}

2. Emergence of "Vaishya" class as trading community:

As has been pointed out the bulk of Vedic society was composed of Vaishya — whose numerical superiority over the other two classes, the Brahmins and the Kshatriyas was a real fact. It has also been pointed out that in the social order the Vaishya class stood third and was thus inferior to the Brahmins and Kshatriyas. The people of this class were performing many duties, such as cattle breeding, agriculture, banking and trade. The nature of their vocation naturally made this class subservient to those who were masters of either 'Sastras' or 'Shastras'. The Vaishyas were considered to be an object of exploitation for the Brahmins and Kshatriyas, who were encouraged by the Sastra to subsist upon this class either by getting dakshna (sacrificial fees) or exorting 'bali' (tax) from them.\textsuperscript{11} The rise of big Monarchies and the structure of their state was also an increasing burden upon the Vaishyas and sometimes a matter of great concern.
3. Methods of trading:

Non-store retailing: Hawker:

Much of trade was carried out by the hawkers who not only distributed the commodities of wholesaler as independent traders, but also sold the commodities which they either produced and purchased directly from other producers.

In the Jatakas,\(^{12}\) the hawker is a common sight. However, in the days of Jatakas, hawker\(^{13}\) conducted not only local trade but sometimes they travelled with their commodities for a considerable distance. A hawker of Varanasi is reported to have carried a load of pottery to Takshashila.\(^{13}\) Generally the hawkers carried their merchandise on their person, but sometimes by the use of donkeys\(^{14}\) were also engaged for this purpose. Besides merchandise a hawker also was to be equipped with balance and a bag. But where convenient, hawkers carried wares for sale in portable trays or in baskets.\(^{15}\)

To advertise\(^{16}\) their goods and to attract customers, it was their practice to shout the name of commodity - they were hawking some times in the middle of the village (gamamajjhe)\(^{17}\).
The medium of exchange in trade of hawkers was coins as well as barter. The role of middlemen or trade intermediaries was of much significance in the international commerce and trade commodities. The commodities generally passed with the help of middleman, through tribe to tribe or nation to nation, each tribe or nation, passing the commodity to the neighbouring place, thus ultimately putting the commodities in the hands of actual consumers. Thus the more was the trade in primitive condition, the more it required the intermediaries.

4. Philosophy of trading:

Kraya-Vikraya was the marked feature of ancient India business. A trader (Kraya-Vikraya) carried the business for profit (Labh) which was earned on the capital (Milya) invested by trader. In the Rigveda the root - Kri occurs for purchase, Vanik or Vanijya were also the terms for traders.

Traders' greatest satisfaction was in profit (Labha) which was a proverbial Vanijya Labha. But too much profiteering is the root cause of destruction says the Budha.
Trading facilities and the city planning:

We noticed in the town planning, the provision of facilities for retail trade, was given due thought by the administrative authorities. Kautilya while describing city planning, has recommended that merchants trading with scents, garlands, grains and liquid should settle in the eastern quarter of the town. Traders in cooked rice, liquor and flesh should live in south and artisans, manufacturing worsted threads, cotton threads, bamboo-mats, skins, armors etc. in the west. Goldsmith and other workers in precious stones should have their place in the north.

5. Places of business:

The Jatak stories suggest that every village had its own resident traders and for the most of the part of buying and selling were done directly in the individual shops or in the market place. They also suggest that the towns were having streets especially earmarked for different products. Thus the dantakara vithi, 'rajaka' vithi', 'tentavita' were the specialised markets for ivory groups, dyed cloths or the products of weavers respectively. Similarly, there were the markets for flowers, perfumes or rice. In the
milltrade parts markets are mentioned as one of the essential elements of a city. It also refers to the sub-markets of the flowers, fruits, antidotes, medicines and precious stones. In the Ramayan the markets of Ayodhaya's are vividly described. The shops of specialised commodities are also mentioned. In the Jataka store of stories we find several references to wine shops! In the Vinajya Patrika a cotton cloth shop is mentioned. A city of Anga-Janapad had 2000 shops. The shop constituted important element of an army camp during campaigns.

6. Retailing and retail trade:

In Kautilyian terminology a retail trader was called Vaijya Vrtya. Generally there was contractual relationship between wholesale dealer and retail trader and the basis of contract was perhaps commission or a share in profit.

Kautilya suggests that "the retail dealers selling the merchandise of others at prices prevailing at particular localities and a time, shall hand-over to the wholesale dealer as much of the sale proceeds and profits as is realised by them. If owing to a distance
in time or place there occurs any fall in the value of merchandise the retail dealers shall pay the value and profit at that rate which obtained when they received the merchandise. 30 This type of retailing in modern time was termed as dealership, where the title of ownership on merchandise rest with the owner of goods, and the dealers worked on motives of commission offered by manufacturers.

"Besides these retail traders of the commission agents, servants were also employed by big traders to sell the commodities of their employer on the wage or on pay basis. Their liabilities to their masters were to sell goods on behalf of their employer and return the sale proceeds without taking any profit. They, however, were not responsible for the loss due to fall in prices."

Kautilya says "middleman, who causes a merchant or a purchaser the loss of the 1/8th panna by substituting with tricks of hand, false weights or measures, or other kinds of inferior articles shall be punished with a fine of 200 panna. Fines for greater loss shall be proportionately increased commencing from 200 Panna." 31
7. Fixation of prices:

Kautilya describes the ways for fixation of prices. He advocated two types of prices, a customary price and statutory prices. Statutory price was fixed through kings. The tendency of fixing prices through the kings also appear in the Manusmruti. Nami says that kings should settle prices publicly with the help of merchants, every fifth or every fourteenth day.\(^{32}\) Yadnya Valkya\(^{33}\) also upheld the power of kings to control the market prices. He says that the sale or purchase should be conducted at the price fixed by the kings, the surplus alone could be the legal profits of the traders.

Trade-location:

Besides long term or permanent markets, however, there were some temporary or short term markets. Temporary or short temporary term markets for perishable goods, were located outside the towns at the city gates. Thus there was a market for fish at one of the gates of Sarasvati of grocers at the four gates of the capital town of Uttara Panchajala, the version shop at the cross road outside Varanasi.\(^{34}\) There were four 'nigama' or market towns located in
the suburbs of the city of Mithila. Probably near the gates or outside the city there were slaughter houses (Suna) and also the taverns (Panagara or Suragara) for the sale of strong liquor. Besides we get an instance of a market which was organised once in a year on the border of land of "This" where a kind of primitive trade was conducted between Indians and the tribe of the Basatabes.

A Pana was also an important element of army camp during campaigns. We find that in the sculptures of Bharhut, shops of grains and cloth have been shown, (Barua Burhat - Plates IX, X, Fig. 2). Similarly, in one painting of Ajantha, the shops of "Tailka" and "Gandika" are depicted (PC VIII, Fig. 2.)

8. Market Control:

Adultration was an offence punishable by law. The Jataka stories show that this was a crime and the traders who sold grains mixed with chaff went to Tantaulas hell.  

The Arthashastra specified the articles in which adultration was a crime. Thus Kautilya says "Adultration of grains, oils, alkanis, salts, scents and medical
articles with similar articles of no quality shall be punished with a fine of 12 Panas. Manu has also condemned persons committing adultration to gain profit. Yajna Valkaya has recommended a fine of 16 panas to be imposed on a trader who adultrated articles such as medicines, oil, salt, perfumes, grains, sugar and the like items kept for sale. Similarly he has said that if hide, iron, wood, cloth, germs, are not of good quality, fine for such should be eight times the amount of the sale price. He has also recommended a fine for a man selling artificial things as real ones.

The institution of market was effectively put under the state control by the Mauryas. Their official such as "Panya-Adhiyakari" not controlled the price but checked deception and determined the ownership of commodity before it was sold and examined weights and measurements also.

Process of sales and purchases:

Some interesting information can be presented about the process of sale and purchase. Hawkers used to attract the attention of customers by crying out the name of commodities. Thus the Serivanja Jataka informs that a trader in the city of Anuradhapura used to sell
pots and pans by crying out the names of commodities.

Before the price was asked the customers used to examine the commodity. After the examination was over, it was a custom to open the deal by asking the price. If the price was found satisfactory or after haggling a settlement on prices was arrived at, the customer paid the price and took over the commodity.

In the early stages of commercial development, that there was a little scope for emergence of the trading institutions and markets and much of the trading business was carried on through hawking. The trade was considered to be a local activity and state exercised control over the spread of market location of market and regulation of market. The religion and faith played important role in developing the trade.
SECTION - II

GROWTH OF TRADE IN PRE-MODERN PERIOD

The pattern of trade in this period was full of complexities. The rural market was a feature of intra-local trade of the period. According to the writing of Tavenier 41 "even in the smallest villages, rice, flour, butter, milk, vegetables, sugar, and other sweet meats, dry and liquid, can be produced and procured in abundance". In the large villages, usually under Muslim officials, sheep and pigeons were on sale. In Hindu villages one could find only flour, rice, vegetables and milk.

In Bengal our literary evidence suggests that the good Raja-Zamindar was expected to establish markets for periodic-hat 42. A Bengali historian noted that in Bengal in some places there were two-three market days in a week. The distinction was made between bazars which were mainly retail markets and the mandis or whole sale markets in the countryside. Epigraphic evidence 43 from South India shows that the wide range of commodities, foodgrains, vegetables, fruits, butter, salt, pepper, cotton,
thread, fabrics, metal wares etc. were offered for a sale in these markets.

The Intra-local trade of the towns and cities was necessarily more complex and varied than that of the countryside. To quote Tarvnie, "It is the custom in India when they built a public office, they surround it with a largest market place." As a result, most of the major towns and cities had several markets or bazars, one of which was the chief or great bazar. At Surat, we come across the pedlars' stalls, right from the sea-shore to the main bazar. At Hugli and Bombay we notice the same type of markets. But the bulk of urban-commerce was inter-local rather than intra-local for the commodities on the sale in the urban markets were mostly the product of other places near or far. Again most urban markets not only catered the needs of local consumers, wholesale and retail, but acted as emporia and when dealers from other places secured their supplies.

**Inter-local trade:**

A major feature of inter-local trade was the predominantly one way flow of commodities from the
villages to towns, a corollary of rural self-sufficiency. Such self-sufficiency was of course not total and it is now recognised that the individual village was probably part of a narrow circuit of exchange which encompasses several villages, with the pedlar, the 'hata' and the mandies mediating the distribution of commodities. Direct evidence of such inter-village trade for the period prior to the 18th Century is, however, extremely scarce. The commodities mentioned as available in rural markets also included items like salt, spices and metal ware, which were either products of distance places or made of raw material which was not locally available. Still almost certainly, the economic needs of the precolonial villages in India were met mostly from its own produce distributed through customary arrangements rather than through exchange. Incidentally, this pattern of economic organisation was peculiar to India.\textsuperscript{46}

\textbf{Inter-local trade in urban areas:}

The Inter-local trade both the country to town and inter-town flow of commodities was essentially a short distance version of the inter-regional trade.
The villages around a town are often described in our sources as being dependent on the later, implying primarily on administrative relationship; the economic ties between town and country were less strong. The collection of revenue in cash generated a pressure to sell. The towns providing the necessary demand, were dependent on the villages for the supply of not only primary products but most of the manufactured goods they consumed. A striking feature of the inter-local trade was a extreme responsibilities of good supply to market demand. All major urban centres had abundant supply of food, a large part of which necessarily came from outside. The case of Bombay is an instance in point. Unable to provide for its population of some 60,000 from its own produce, the city was well supplied with foodgrains and meat at reasonable rates, from abroad. The responsiveness of supply is remarkable. Somewhat grim examples of this responsiveness are provided by Mundy in his reference for the Gujarat famine of the 1930's. The famine affected western Deccan as well and the crop had failed totally in the area around Burhampur. Yet, as the king was encamped in the city to conduct Deccan campaign its bazar was plentifully stored with all provisions, being supplied with all things, from all parts.
Emergence of trading institutions as economic institutions:

Despite, the diversity and the spatial range of the inland trade, the scale of its markets was of course small by modern standards. Morelands comment on the transport of food stuff by Banjaras using upto 20,000 pack-oxen that "an entire season's traffic would be equivalent to an amount which railway could carry over an equal distance in less than a week." It is an apt summary of differences in scale as between the modern and medieval markets. Different parts of the sub-continent also had a wide range of mutually independent economic institutions. Weights, measures, currency system of taxation varied from place to place and commodities passing from one part of the empire to another has to cross a very large number of toll barriers. Still, fragmented markets and peddling-trade-categories used by Van Leur in his analysis of Asian Trade - are hardly the apt description of India's commerce in Maghul times. Those labels would perhaps fit the isolated rural markets and the actual peddler, but these too were parts of a much wider net work often responding to changes in demand or supply in remote places.
Types of pre-modern market and its functions:

The pre-modern market in India discharged two distinct functions: it brought together the commodities for the consumption of the local buyers, or for distribution among consumers in distant markets. The two functions were not mutually exclusive, could co-exist in the same geographical location, and be managed by the same organisation and people. However, there were places and traders concerned more, if not exclusively, with one another rather than the other. Instances of total absence of links between the two types of markets were probably rare.

A second characteristic of Indian markets was the hierarchy of scales ranging the minuscule rural to the emporia of international trade like Surat or Agra. Combining these two categories, the Indian markets may be classified into four main types: 52

1. The Emporia:
   For long-distance, trade, inland, overland or overseas.

2. Small-scale bazars:
   Where goods were gathered from places within a short radius primarily for purpose of local
consumption and mandies or
wholesale markets;

3. **Periodic fairs:**

Where specialised traders, met together
or sell and replenish their stocks, but
consumers were not excluded; and

4. **The truly "Isolated" rural market:**

Where the local surplus produce was exchanged
among the producers-cum-consumers.

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**Emergence of commercial towns:**

The concepts of primary markets has been applied
to the major commercial emporia which acted as
"intermediaries between producing and consuming markets
widely scattered in space" and their multilateral trade
explained as a "secondary development of their purely
bilateral trade." Perhaps the multilateral trade of
India's commercial emporia is better explained with
reference to geographical and political factors.

Inland emporia like Agra, Lahore and Burhanpur
developed as such because they were at the cross roads
of inter-regional trade or as centres of administration
provided vast markets which naturally attracted traders
from different quarters. The port towns developed similar functions as entry points for the imported and coastal trade goods, and exit points for the produce of inland territories. Every such emporium included three types of markets, a purely local market serving the needs of the resident population, a wholesale spot market which supplied both the retail trade, the bazar and inter-regional commerce, and finally the latter’s off-shoot a wholesale forward market. Towns like Bombay, Madras, Calcutta, Malbar were most important port-towns of that time.

**Class of corporate merchants**: 54

The merchants of the period were also heterogeneous in terms of their function and wealth. Very rich traders are mentioned in connection with almost every emporium, but the large port-towns had merchants comparable to Europe’s merchants princes in wealth and power. In fact, the Surat, the merchant named Virjivora was reputed to be the wealthiest man of his time. Mir Jumala of the Golconda Kingdom, Malay-chetti, Kasiviranna and Sunca Ram Chetti of Southern were masters of extensive commercial empires. Their trade covered widerange of commodities and many branches of the inter-regional trade.
While the wealth of such merchants was derived mainly from trade, inland and foreign links with political authorities as financiers and tax-farmers could be important source of capital accumulation especially in 18th Century. Hiranand Sahu, a Marwari banker from Amber came to Bihar in the 17th Century as Maharaja Mansingh's banker surveyor. His son Manikchand, the 'first jagat seth' (literally banker for the world) acquired enormous wealth and power as Murshid Quazi Khan Banker. Their wealth was estimated at Rs. 100 million. The notorious adventurer Omichand started his career as petty merchant, but rose high partly through unscrupulous business deals. Omichand was mint-master of Patna.

The lending merchants enjoyed considerable influence with the administrators. The fortunes of the great trading families were generally short-lived, their fortunes were political rather than commercial

Class of independent traders:

Less affluent and powerful than the great merchants, there were other independent traders, trading with their own and borrowed capital. The range of their activities, both the variety of commodities they
dealt in and the geographical area within which they operated were relatively limited, but still on large scale. They employed their own agents and sometimes had a dealer net work.

**Pedlar, trader and small merchants:**

The typical small merchants operated within a limited space and their functions were often but not always specialised. Their activities always confined for a particular locality. On his journey to Agra, Tavernier saw a small town five or six shops belonging to Banias which sell butter, rice, straw and vegetables. By the side of one of these shops, stood a large warehouse filled with sacks of rice and grain. This brief discussion epitomized the characteristic activities of the small merchants. The autobiography of Banarsidas, the Ardha Kathanak, traces the history of the jain merchant family of very limited means. Banarsidas and his family are comparable to the Armenian businessman, whose activities have been described as "Peddling Trader" wandering slowly from town to town, the Armenian took nearly a year to sell three camel loads of cloth to buy as many loads of indigo. Such minuscule
trading activity within a frame-work of sophisticated organisations was indeed a part of India's commerce at world, but by no means its dominant feature. The merchant-prince and the ed pedlar could co-exist because of the very low cost of the latter's trading operations. Small trade was essentially geared to earning a subsistence living father than profit.

The small traders included one curious element, the Banjaras. Divided into four tribes, dealing respectively with corn, rice, pulses and salt. They lived in camps or 'Tandas' with their oxen grazing in open fields. Some times they were hired by merchants, but most commonly they were merchants themselves, buying grains where it is cheap, to be carried it to places where it is dearer, and from there again relate themselves with anything that will yield benefits in other places.\(^{58}\)

A Banjara caravan could have as many as 20,000 pack-oxen. Here we have an instance of peddling trade organised on a massive scale.\(^{58}\) The social base of the trading community was confined to a small group of caste Baniyas, Boharas, Parsees in Gujrat, Hindu and Jains Marwaris in Rajasthan, Khatries in Hindustan and the Punjab, the Chetties and Komaties on the east coast.\(^{59}\)
The expanding commerce of Mughal was served by complex and elaborate structure of credit. The 'hundi' was considered to be an important instrument for credit settlement. Its historical root went far back in time. As in all other established forms of economic activity in India, specific caste groups had emerged to deal with particular aspects of credit. The Manusmruti specifies the Varna for which moneylending is appropriate as well as the limits within which usuary was to be confined.

In pre-modern period, fragmented market co-existed for or interacted with integrated system of exchange encompassing sub-continent as did peddlars with merchant princes. The organisation of trade at all levels was sophisticated or complex. Trade both inland and foreign was not started in purely quantitative terms.

In short the world of inland trade and commerce like its counterparts in manufacturing was complex and vigorous and ever changing. According to the observation of Dr. Choudhary in this respect "the changes were qualitative and presumably of limited magnitude". The
increasing demands of commerce in land as well as overseas, were met comparably within the existing structure of trade. Nothing happened to undermine the impressive structure of country's trade.

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CHAPTER - IV

NOTES - REFERENCES:


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10. Ibid., p.28.


17. Ibid., p.211-212.

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