CHAPTER V

ECONOMIC TRANSACTIONS

Business basically refers to the development and processing of economic values in society. Business means the total enterprise of a country in manufacturing, industry, finance, and commerce. Business covers all economic and commercial activities. It may be organised as a private enterprise or a public enterprise. It may be a cooperative undertaking or a joint venture with mixed ownership and control. Modern business is vast and complex catering to national or even world markets. It exercises a definite and extensive economic and social power as well as an influence on our economic and social values.

An attempt has been made in this chapter to study the extent of trade (Section 5.1), the developments that took place in the service sector (Section 5.2), and the public finance (Section 5.3) in Guru Nanak’s time.

5.1 Extent of Trade

Trade refers to the exchange of goods and services with profit motive. Commerce helps to remove hindrances between manufacturers and consumers by means of aids to trade. Trade plays a major role in establishing contact between the producers as sellers and of their products and the consumers as buyers of those goods to satisfy their wants.
Inland trade means sale and purchase of goods within the boundaries of a country. As it was not possible for the people of one particular region to meet all the requirements from their own produce, each region had to depend on the produce of other regions. This inter-dependence among regions gave rise to the inland trade. Gradual social development and desire for luxury goods enhanced the demand for various articles. To meet this demand, goods were provided from the nearest source of inland trade.

Inter-State trade was also prevalent. This is obvious from the fact that many important items of daily use like spices, luxury goods, metals and salt which were used in all parts of India came from different regions. The merchants who participated in the inter-state trade generally travelled in groups. In the popular stories of the period one often could read of a merchant and a caravan leader, approaching the king of another state and offering valuable presents in order to secure his permission to do business. There is reference of carts as drawn by bullocks, mules, buffaloes and other animals. There are references of the merchants and their caravans being attacked by forest tribes or robber chiefs.¹

Trade as conceived by Guru Nanak, is based on the concept of 'business morality'. It is to be carried on by the trader considering himself a servant of the

106
people. His function is to remove the hindrances of place and time between the goods/services and the consumer. Frequent references of viopari, beopari (businessmen), viopar, beopar (business), vanjaras (banjaras), mandis (markets) and shahukars (moneylenders) etc. point towards a great deal of trade and commerce flourishing in the country.

References of trade in precious metals, jewels, diamonds and horses are some of the fields where businessmen and merchants invested a good deal of capital to earn maximum profits. To quote Guru Nanak:

Some trade in jewels, others in glass,  
if the true guru is pleased,  
we find the treasure of jewels within us.3

*** ***

Lord's Name is the diamond, jewel and ruby.  
The mind pearl is that Lord's wealth.4

*** ***

He, who thoughtfully meditates  
the Name - Jewel day and night  
reaps brand new profits.  
He finds the commodity in his home  
and departs after adjusting his affairs.5

Horses were also used for carrying the merchandise from one place to another which was kept in the store
houses. This is clear from the following couplet of Guru Nanak. Following couplets of Guru Nanak convey the importance of horses in trade at that time:

The merchant goeth to trade with his horses.
And earneth wealth and buildeth hopes,
and strengthens his love of maya.6

* * * * *

Make thy ever-decreasing age as
thy store house,
and stock it with the Lord's name.
And deal only with the Lord's pedlars,
the saints and reaping the profit be in joy.
Hearing of the sacred books,
let this be thy trade,
and load with thy merchandise
the horses of truth.
Yea, carry then with thee the fare of merit
and leave not this day's task till tomorrow.7

The trade was mainly carried out by the vaishyas.8
The banjaras carried on the business of transporting agricultural products and other items of common use from one part of the country to another on a very extensive scale. The sensible and shrewd banjaras, as Guru Nanak points out, carried only such items which would fetch them greater profits without any risk.
involved in the loss or damage of their merchandise.

Trade, ye with a set object
Lest ye grieve,
Yea, ye are traders
Only if ye reap some profit.\(^9\)

The following couplets are in the form of an advice to those who indulge in the 'true business' (i.e., seekers of the truth of God), that they should deal only in such items which bring profit on their merchandise.

Through the Guru, purchase
the Divine Commodity.
The true merchandise is bought with
the true capital.\(^10\)

* * * * *

"After having got recorded their maintenance, the merchants and traders have come in this world.
They, who practise truth and abide by God's will, reap the profit."\(^11\)

* * * * *

With the wealth of truthfulness, load the merchandise of the True Name.
Like this thou shalt ever gain profit.\(^12\)
** * * * * **

By dealing in false trade,
soul and body become false.\(^\text{13}\)

** * * * * **

In dealing in false commodities
is incurred loss.
Whoever by Master's teachings makes
commerce to the Lord is pleasing:
His capital, and commodity safe, Yama's noose
is removed from him.\(^\text{14}\)

Though the main business was done through regular
shops (hat) in the market or mandis, the petty
shopkeepers had small shops (hatees) through which they
carried out the retail business. When these shops were
opened in the mornings, the buyers started coming to
purchase the commodities required for domestic needs as
conveyed in the following couplet:

And as many as are the living beings,
so many are the customers.
Yea, when the shops are open,
the trade goeth on,
and no sooner that one cometh from one end
than one quiteth from the other.\(^\text{15}\)

These shops were usually maintained by the Hindu Banias
who were an essential and an important part of the economic
During the days of Guru Nanak, traders indulged in unfair practices, such as hoarding, underweighing and overcharging the poor which resulted in consumer exploitation and in undue gain to the trader. Guru Nanak bitterly criticized such means and reminded people that wealth accumulated by them by sinful ways was of no avail to them before or after death.

Many, O many, have been consumed
and wasted away by their riches,
which are gathered not without sinning,
nor carried along when dead.16

The trader in the economy of Guru Nanak's vision, weighs the commodity with standard weights. He never underweighs it by giving a fillip to the handle of the balance. Guru Nanak conceiving God as a Merchant, puts forth the concept of fair trade:

Within the body fortress are the cities and shops and the business is transacted there. The Merchant, My God, weighs His wares with the sterling weights.17

* * * * *

Making my tongue the beam
and this mind the pan of scale,
I weigh the inestimable Name.
There is but one shop
and One Supreme Merchant above all.
All the petty dealers deal in
the same sort of commodity.\textsuperscript{18}

\* \* \* \* \*

The Lord Himself is the weighable merchandise
and Himself the merchant.
Nanak, God's Name is man's regenerator.\textsuperscript{19}

\* \* \* \* \*

In the body city there are shops,
fortresses and a cabin
wherein is the merchandise of the True Name
trade in.\textsuperscript{20}

Attempts of adulteration and use of fraudulent
weights and measures were quite common.\textsuperscript{21}
Weights and measures differed in weight and number in different
places and with different classes of the people, the
result being no uniformity at all.\textsuperscript{22}
The different weights were \textit{mans} (mound), \textit{seers}, \textit{paos}, and \textit{chattanks}
which were in use in India until a few years back,
before the decimal system was introduced. Goldsmiths
used \textit{tola}, \textit{masha}, and \textit{rati} to weigh gold and gold
ornaments.

'No Jeweler can weigh in his scales
either the earth or the sea or the mountain,
with his little weights
(tola, masha and rati). 23

While weighing the merchandise at the time of
sale, businessmen or retail shopkeepers deliberately
but stealthily gave less in weight. For this purpose,
not only were the pair of balances defective but their
weights were also inaccurate. In those days the
trading class did not like to miss the opportunity of
earning even a dishonest penny and attempts at
adulteration and fraudulent weights were not
uncommon. 24 Guru writes:

"The hands of the go-between are shorn off.
Like this the Lord ministers justice." 25

The Mughal Government, which itself was anti-
people, did not bother to check such practices. They
believed in the 'divine right' theory of kingship and
the functions of the state were limited to (i)
maintenance of law and order and (ii) defence from
external aggression.

Decrying such unscrupulous trade practices, Guru
Nanak asked traders not to weigh less. To quote him:

By the merchandise of truth,
they meet the Guru,
who have not even an iota of avarice.
With the balance and the weight
of truthfulness, the exalted Guru measures
and causes others to measure.
Hope and desire, which allure all,
are stilled by the Guru, whose word is true.
He Himself weights in the scale.
Perfect is the weighing of the Perfect one.26

Through this passage, Guru Nanak tells the
merchants not to measure less because this is not going
to increase their ultimate profit, because by these
practices, in this world, they earn disrepute and the
wrath of the divine for the next. If their practices
are above board, God's grace will be on them and their
profit will go up. Such truth-based business will
create clean capital, and business will further
flourish. For those who come into contact with the
Guru, their greed is diminished, and they weigh
correctly under his influence.

The more the profit seeking propensity of the
traders increases, the more they submit to it. There
is no end to greed. To satisfy their instinct, they go
to the extent of hoarding foodgrains and other
essential commodities. This results in artificial
shortages leading to two consequences (i) prices go up
culminating in exploitation of the poor who cannot
afford to purchase, and (ii) The value of money goes
down. Since the purchasing power does not increase
simultaneously, the poor have to reduce their intake of

114
goods which may seriously affect the productivity of that class of workers who believe in the "Ghall Khai" theory of production viz who earn by the sweat of their brow. Guru Nanak was critical of this state of affairs. Once Nanak stopped at a grain dealer's shop. He picked up weights, examined them and then put the smallest one on his head. The trader curiously enquired the reason for this and Nanak, owing to his concern for the poor intake of grains by the low income people, said:

This measure is indeed blessed. In its small & humble way it serves the need of the humble and indigent.27

In this way, Guru Nanak ironically and symbolically conveyed his feelings. The grain dealer, out of courtesy, requested the Guru to visit his house. Nanak took the opportunity to chastise him. He turned down the dealer's invitation politely, saying:

Not now, but I will come when your gains are no more contaminated with wrong dealings. A dealer in grains is a sustainer of life, and must be honest and true in his dealings. When you become a true dealer & giver of food, I will come to your house.28

Guru Nanak explains the routine of the traders through the four periods (pahars) of the day. He also compares each pahar of the day with each stage of man's life. The third period is midnight when the traders
indulge in merrymaking. They waste their lives on immature affairs, enjoy the beauty of the earthly life, making society poor in faith and holy deeds. This picture of the degradation of the trading class is further described in the following verse:

In the third watch of night [mid night]
Thy mind is fixed on beauty and riches,
O my merchant friend,
Though remembers not
The Lord’s name (Public interest)
And travelling in thy riches,
Enjoying the beauty of earthly life,
You waste it away.
Thou kept not thy faith
Nor keep thou society with holy deeds.29

In a nutshell, Guru Nanak wanted the traders to follow good practices, taking greater care of the weaker sections of society and expanding business by honesty and mutual help.

The main objective of an economic activity is to earn profit. But what should be the quantum of profit? The answer of the trader will be ‘infinite’.

Guru Nanak, through his own experiences set it at zero or even negative as is evident from the story titled ‘Sacha Sauda’ or true trade. If this story describes the true trade, what margin of profit does it permit? Probably nothing.
Do we then come to the conclusion that Guru Nanak did not permit any margin to the trader? If the trade margin is reduced to zero, or made negative, as the story informs us, then can trade exist? Certainly not. How can then the trader feed his family? So business must earn adequate profit but only to ensure its survival and growth. What is then the right returns to the trader for his work?

The story does not give an answer to the question how much margin should be there. For finding a possible answer, we must study the important verses below quoted by Guru Nanak:

Trade with the traders (in true merchandise)
and take profit with pleasure.  

* * * * *

True lender, true businessman,
true trade vastly fulfills Guru's desire,
True interest true earning
through truthful conduct,
he earns true investment. 

Though due profit as reward of the efforts put in by him in trade is not to be dispensed with as it is essential for his existence in the market; but he is not to run after maximisation of his profit.

The trade is to be based on the principles of
truth and virtue. The trader is to do the trade not only for profit-making but for the welfare of the people. It can be inferred from the following composition of Guru Nanak:

In this body shop, this mind is a merchant, who through poise deals in truth.\(^{32}\)

Guru Nanak upholds earning of 'due profit' only which is essential and sufficient for the entrepreneur’s own sustenance and the subsistence of his enterprise.

This view of Guru Nanak has been supported by many thinkers and great businessmen of the world. Urwick says, "Earning of profits cannot be the objective of a business any more than eating is the objective of living".\(^{33}\)

Similarly Henry Ford declared in his autobiography that "mere money-chasing is not business".\(^{34}\)

A truly business can be built up only if the objective of service to the community is constantly kept in view. If this is done, profits will come automatically...\(^{35}\) However, it cannot be denied that it is absolutely necessary for the business enterprise to earn at least the profit sufficient to cover the risks of economic activity - "the profit required to enable it to stay in business and to maintain intact the wealth - producing capacity of its resources".\(^{36}\)
The trader is also to be fair in his dealings with all the concerned. Unfairness in dealings has no place in the economy of Guru Nanak's vision.

Guru Nanak regretted that business had lost its ethical foundation, and conduct of man was untruthful. It speaks volumes of the general degradation then.

Nowhere has the Guru criticised the occupation of trading. He has decried the trader’s greed for money. A profit which meets his requirement is admissible. Guru Nanak condemned "base trafficking", as not true trading. On the greed for money he said:

Renounce avarice, O ye bline.
Greed brings great anguish.37

Trade suffered from many mal-practices in those days and the Guru had no sympathy for the traders unless they mended their ways. He exhorted the traders to help their weaker brethren so that they could also stand independently.

The corrupt businessmen did not like the interaction of religion with business though religion acts as a restraint on the profit seeking propensity of a trader. It stresses the need for social responsibility of business. The main objective of business is not to earn profits, but to maximise social welfare.

Foreign trade was an important phenomenon in the economic life of India. Foreign trade, like the inland
trade, was carried on both by land and sea routes. The land routes to foreign countries, were unsafe for the caravan merchants, for we know from the accounts of Fa-hien that the Central Asian route from China to India was full of perils.\textsuperscript{38}

Like land route hazards, sea perils often hindered external trade. Fa-hien vividly described the calamities and hardships of sea-born trade.\textsuperscript{39}

The lure for the adventure and thrills of navigation impelled many to choose this profession and as such both the sea and land routes were utilised by the merchants.

During Guru's period, India carried on her overseas trade with eastern and western countries, but he makes no such reference as to the countries India traded with. The only reference found in his Bani is the expression, des-pardes (foreign lands) where the merchants used to go with loaded ships of merchandise to earn rich profits. Guru Arjan Dev (fifth Guru) also uses the same vocabulary in his \textit{Bani}.\textsuperscript{40}

Coins of gold, silver and copper (of various denominations) were in circulation during the period under study. The names of some of the coins we come across in Guru Nanak's \textit{Bani} are \textit{tanka} and \textit{daam} besides \textit{Kauri} which was commonly used in the remote areas of the country.\textsuperscript{41} Gold mohars were also used but were not in daily circulation and were not employed as a
money of account. An important feature of the coins current in those days was their monetary value rather than token value.42 There is a mention of impure and debased coins in Nanak Bani, which were not accepted for any transaction. They were not sent to the treasury either. To this, reference has been made in Gurbani in the following couplets.

The false coins are not sent to the Treasury,  
They see not the Guru - God  
The false ones have no station, nor honour;  
O' no one winneth through falsehood43

* * * * *

The eight metals of the King are fashioned into coins to His order and pleasure.  
The Assayer Himself assays the coins and consigns the genuine to His treasury.44

* * * * *

Some are false and some true.  
The Lord Himself is the Assayer.  
The genuine are consigned to His Treasury, while the counterfeit are thrown outside.45

* * * * *

The counterfeit find not a place and the genuine are put into the Treasury.46
The rubies, jewels and emeralds which are in Guru’s treasury.
From the Guru’s store house do we receive the love of the immaculate Name.\textsuperscript{47}

5.2 Other Services

Bank can be defined as an institution which accepts deposits and makes loans & advances for agricultural and industrial development of a country. During Guru Nanak’s time, there was no such institutional banking and the place was occupied by individuals known as Sahukars\textsuperscript{48} and Mahajans.\textsuperscript{49} They lent money against hundies as well as on interest. In Gurbani, references about bankers and capital are available in the following couplets:

My Banker is the great Lord, we are his petty dealers. Our soul, and body are all His Capital.\textsuperscript{50}

The Bankers die after amassing wealth and money.\textsuperscript{51}

He alone is the true banker, who possesses the capital of God’s wealth.\textsuperscript{52}

122
**Entanglement is the perishable wealth which the bankers amass.**

**Man amasses wealth. There with evil springs and weal and woe remain standing at his doors.**

**He buries (puts) the perishable wealth in the earth but desires not the Endless Lord. They who have departed craving for the perishable riches have returned losing the Bountless One.**

In the economy of Guru Nanak’s vision, Banking facility is to be provided by the State to facilitate trade. The banks will conduct commercial and financial transactions. But the institution of interest will be dispensed with. The practice of making money only with the help of money has no place in this economy. The banking facility which is essential for trade, has been referred to, though in its old form viz. Shahukara, in the following words:

They are the bankers and the true traders, whom the True Guru has
The moneylenders charged high and sometimes exhorbitant rates of interest from their clients. While the rich people borrowed money to meet the expenses on their luxuries, the poor peasants borrowed money for purchasing bullocks, for marriages of their sons or daughters or for purpose of consumption. The interest rates charged were so high that it was very difficult for the poor to repay the entire loan amount at any time.

For communications on land, there were a number of roads and pathways running all over the country. Except for a few roads which connected the principal towns of the empire, the condition of roads was very poor. There used to be serais, khankahas, wells and the shady trees on both sides of the principal highways for the convenience and comfort of the merchants and the travellers. Guru Nanak in his Bani calls this world a halting place like a Serai where people come and stay (for an allotted period) and then they leave for the unknown destination.

Journey along the roads was covered on the back of the horse, camel or in bullock carts. Horse, as a mode of conveyance was preferred for long distant journeys. Camels and bullock carts were used for caravans of merchandise. Bullock cart was a good conveyance for the rural and poor people. Ladies and
well-to-do people of the urban society performed journeys in a dola or doli. The nobles, the affluent officials, and their ladies used palkies or palanquins for moving to other places. Each palkie was carried by four palki-bearers known as Kahars. It was a comfortable and dignified means of transport.

Guru Nanak delivers his religious message, which reflects modes of conveyance prevalent during those days:

They came seated in palanquins which were adorned with ivory.**

***

They who have forgotten the Name, why have they come in this World?
Here and hereafter, they obtain not peace.
Their carts, they have laden with ashes.***

The dangers and discomforts of travel, and insecurity of life and property were great impediments not only for pilgrims and travellers but also for the internal trade and commerce. Sometimes passengers, pilgrims, traders and merchants also suffered on account of external invasions and internal security expeditions.****

Guru Nanak's period witnessed several raids on the North-West Frontier and Punjab by Babar. These
invasions made the life of the people insecure and miserable. In one of his hymns, Guru Nanak gives an eyewitness account of Babar's attack on Saidpur and the miserable condition of the people to which they were subjected to suffer.55

The invading armies not only plundered and looted the towns & villages, but made people captive and homeless. Invasions from the north west frontier side affected the normal life of the people and dislocated trade & industry to a great extent. Thus life, property, merchandise, and agriculture were at the mercy of the conquering armies. Usually standing crops were burnt which resulted in famine in the country. After the raids, the prices of the commodities naturally rose very high. The poor people died of starvation.66

5.3 Public Finance:

The financing of economic development is primarily a "bootstrap" operation. Developing countries must to a very large extent finance internally their development programmes. The primary means of internal financing available to such countries is taxation. The appropriate set of taxation policy objective may be derived from the articulation of broad planning objectives, and may be subsumed under three major heads : Growth, Equity and Stabilisation.67

In India, during the middle ages, the Muslim Kings
governed in the name of the Quran but practised its teachings very little in their lives. No holy book, least of all the Quran permitted the crimes, which the Mughals wrought over their subjects. They exacted all sorts of taxes from the masses but spent very little on their welfare. Activities of the States were limited to a minimum of three: (a) protection from foreign aggression, (b) law and order, and (c) justice, but even these were not discharged to the satisfaction of the ruled.68

Reflecting on the situation Guru Nanak said:

The age is like a drawn sword,
The kings are butchers,
In the gloom of false hood.
The mood of truth is never seen,
And the law of life has taken wing.69

* * * * *

Sin occupies the throne
With greed the financier,
Falsehood the commander,
Lust and desire as judges,
Who summon and examine men
And pronounce judgements.
The people, in their ignorance
And without power
They too are eager to usurp
What others have.70
Tax is levied on the temples of gods
Such a practice has come into vogue.\textsuperscript{71}

Thou chargest tax for the cow
and the Brahman,
The cow dung will not save thee.\textsuperscript{72}

Excessive taxes lead to exploitation by the State:
"The Kings become lions and the subjects, dogs", in the
words of Guru Nanak. Maintenance of law and order is
another important duty of the King. It is only when
justice is given that life and property of the subjects
can be protected. It is further said that the King
should levy only a reasonable tax.

In the economic system of Guru Nanak's vision, the
cardinal principles of 'Kichh Hathon Dei' i.e.
'Voluntarily share the earnings with the fellow-beings'
underlines the ways of collection of Public Finance.
Thus, 'Daswandh' and public donations are the sources
of State Exchequer.

Guru Nanak advocated the concept of 'Daswandh'. It
is the voluntary offering of one-tenth of one's income
for public welfare. It is the ordained duty of every
earning Sikh to regularly spare one-tenth of his income
and utilise it for the general public at large,
particularly the needy ones. By practising this
precept both the giver and the receiver benefit. It is
the conviction of the Sikhs that a Sikh who sets aside
one-tenth of his income regularly for the purpose of
service to humankind, is blessed by the Guru and
endowed with prosperity and contentment. Since the
State in the political system as conceived by Guru
Nanak is the Service-State, therefore, the Daswandh is
to be voluntarily contributed to the State Exchequer.
To quote Guru Nanak:

Nanak, in the next world,
that alone is received,
which one gives from his earnings and toil.73

The economic system envisaged by Guru Nanak will
guarantee security against crises of all sorts, and in
such a system everyone will joyfully assume the
responsibility of sparing a considerable portion of his
earnings for contributing the same to the State
Exchequer and Langar voluntarily. In this system,
there will be no need of levies or forcible exaction
from the people for raising public finance.
REFERENCES

2. For all these words appearing in Guru Nanak Bani, see *Adi Granth*, pp. 18, 22, 23, 56, 57, 59, 75, 117, 141, 152, 155, 227, 357, 416, 418, 595, 789, 936, 942, 992, 1032, 1036, 1239.
5. Ibid., p. 92.
11. Manmohan Singh, (tr.). *op.cit.*, P. 100.
12. Ibid., p. 86.
13. Ibid., p. 68.
16. Ibid., p. 415.
18. Manmohan Singh (tr.), op.cit., p. 653. For words like shops & bazaars etc., see Adi Granth, pp. 141, 399, 595.
20. Ibid., P. 94.
23. Gopal Singh (tr) op.cit., Vol. IV, P. 1184.
25. Manmohan Singh (tr), op.cit., P. 366.
26. Ibid., p. 100.
28. Ibid., P. 41.
29. Adi Granth., p. 73.
32. Manmohan Singh (tr.) op.cit., p. 611.
35. Y.K. Bhushan, op.cit., p. 15.
37. Manmohan Singh (tr) op.cit., P. 304.
40. See Adi Granth, pp. 372, 767 and 1147.
41. For tanka, gama and kauri, see Adi Granth, PP. 147, 156, 226 and 227.
43. Gopal Singh (tr) op.cit., Vol. I, P. 23.
44. Manmohan Singh (tr), op.cit., P. 109.
45. Ibid., P. 154.
46. Ibid., P. 94.
47. Ibid., P. 101.
49. See, Adi Granth, PP. 1117 and 1216.
50. Manmohan Singh (tr), op.cit., P. 191.
51. Ibid., P. 221.
52. Ibid., P. 588.
53. Ibid., p. 295.
54. Ibid., p. 204.
55. Ibid., pp. 196-197.
56. Ibid., pp. 684-685.
58. For inland communications, see Farroque, A.K., Muhammad, Roads & Communications in Mughal India, Delhi, PP. 35-40.

60. See *Adi Granth*, PP. 64, 418, 659.


62. Manmohan Singh (tr), *op.cit.*, P. 296.


64. Lunia, B.N., *op.cit.*, P. 228.


71. Manmohan Singh (tr), *op.cit.*, p. 831.
