

The concept of Marketing in Dharma Shastra

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ABSTRACT

The existence of trade and commerce has been existing in the ancient India, where people have been using various concepts of marketing and these have been mainly used for the service and welfare of the people. For a proper business administration to take place there existed several rules and regulations as per Dharma sastra, which have been revised by the various kings as per the necessities and requirements. There is an empirical need to revisit such ancient historical state-crafts, as these may help us re-build our current architecture of trade and commerce for a sustainable and better relations with the people and nations.

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INTRODUCTION

The term 'market' generally refers to a place or locality where a commodity is bought and sold e.g. the Bombay market, the Hyderabad market etc. In Economics the term is not used to refer to a place but to a commodity which is sold and bought. The market for a commodity implies;

A. the existence of a commodity

- B. Buyers and sellers, and lastly
- C. Contact between buyers and sellers.

Depending on the place of marketing, market may be classified as local market, national market and international market. Similarly, depending on the buyers, sellers, producers and consumers, markets may be classified into Monopoly, Competitive and Oligopoly.

Monopoly market - No competition exists among sellers. Many buyers and the competition among the buyers and the prices will be high. If there is a single buyer, low is the price¹. It is a sellers' market.

Oligopoly - Limited competition exists among limited sellers. There is a competition among the buyers, prices may be high if not too high. In this market also, buyers are limited, prices are low but not as low as mentioned in Monopoly¹.

Competitive market - Sellers as well as buyers are many, prices tend to be low and there is a perfect competition among them¹.

In Monopoly market, the producer generally thinks of his profit: So, the producer may be against abundant production, resulting in the maximum rise in prices. They go for wrong distribution, indulge in illegal practices to prevent the emergence of new firms. Thus, it is harmful to the society or community.

But some of the Economists are of the opinion that the Monopoly is a large firm with vast financial resources leading to large scale production in abundance resulting in low price and losses to be borne for many years.

And it is essential to meet foreign competition. It needs to exist in case of public utilities like Telephone, Electricity and Railways.

The same kind of Monopoly is discussed by Kautilya in the chapter of mines and manufacturers.

“Kruthabha vyavaharam, ekamukham atyayam cha

Anyatra karthru khredhruvikredhrunam sthapayeth”²

"Commerce in commodities shall be centralized, otherwise punishment for the manufacturers, sellers and purchasers be laid down.

Similarly, the Economists have discussed about the competition. It is simply against Monopoly, i.e producers or manufacturers are more. The term competition is etimologically derived from natural sciences. In this study, natural economic order has been noted as one governed by the principles of nature i.e. competition³.

Free trade, free enterprise, competitive economy are the synonyms used for Competitive market. There are large number of sellers and buyers in this market. No individual is supposed to possess in quantities for sale so that he would pressurize the price to his advantage. No individual purchaser is supposed to decide the price.

These are the characteristics of competition. In this competition also the monopolistic nature is promoted by joint stock companies, stock exchanges, patents, copy rights, brand names and trade wings and stated labour legislation.

‘Manu-Dharma Shastra’ also has observed eloquently on competition and says that the forces of competition results in the downward movement of prices. Abundance does not exist in the Competitive market.

There is an elaborate discussion by Dr.M.G.Bokare³ in his treatise, on how the competition and monopoly are cognized in different theories of Economists. And he says that there is one significant dimension of Economics or monopoly and competition. It is in price theory. in the long’ run, cost of production coalesces with price and is equal to price in the market governed by the principles of competition⁶. Manusmrti does not have a direct reference about it.

Arthasastra explains monopolistic form of market while discussing the "conducting of mining operations and manufacturers." Kautilya says that trade in commodities and manufactured products shall be centralized.

“Kretha shulkam rajapanya chedhanurupam cha vaidharanam

Dhadyath anyatra kretha shat shatamatyayancha”⁴.

He also says that there should be some punishment for manufacturers, sellers and purchasers of such commodities who conduct their trade outside the prescribed locality.

“Yascha Panyam Prachuram Thadeki Kruthya Arghamaropayeth

Praptheh Argheh va Arghantharam Karayeth”⁴

Hence has two views i.e. 1) readily available or produced in greater quantity/members, 2) and more commonly used and widely distributed commodity. According to this verse commonly used merchandise has to be centralized and the price should be enhanced and also transaction should be allowed till the commodities gain demand in the market. And then the price should be changed accordingly.

According to modern economics theory supply being constant, the price and demands are in direct proportion. When the demand increases the price also increases, if demand decreases, then the price also decreases. In the same way if demand is constant, then supply and prices are related in inverse proportion i.e. if supply increases, price decreases and conversely. So price will be decided by considering the factors of demand and supply. This view is indirectly explained by Kautilya in the above sentence. So he recommended that the price be changed from time to time depending upon the nature of supply and demand. Indirectly Kautilya has hinted at the monopolistic nature. In general the monopoly price is higher than a marginal price.

It is advised in the para 4 - "Exchange the centralized commodities price." In the next verse Kautilya explained monopoly and competitive markets.

“Swabhoomijaana rajapanyanam ekamukham vyavaharam sthapayeth

Parabhoomijana anekamukham”⁴ .

In the above sentence he said that while merchandise of the king locally manufactured shall be centralized, imported merchandise shall be distributed in several markets for sale. In this sentence, the words ‘EKA MUKHA’ and ‘BAHU MUKHA’ can be taken to mean monopoly and competitive markets respectively.

So Kautilya accepted the monopoly and competitive markets. According to Dharmasastras the exact type of economy; monopolistic or competitive is irrelevant as long as it serves peoples' needs and ensures their welfare. Monopoly accomplishes the goal of profit maximization. It is in the public sector, thinking about profit shall not be there. So monopoly in public sector is accepted and more over government policies also create conditions of monopoly in the economy. Though a competitive economy is suitable for the welfare of society, so many Economists argued and stated

that the monopoly in public interest is also acceptable. There are some of public activities as socially necessary monopolies. They may be in state sector or in private sector. But such monopolies create problems of prices. To surpass or overcome these problems one has to resort to the theory of competitive pricing mentioned earlier. The form of the organization may be monopolistic in nature but its pricing is governed by the theory of competition. For example, services like Railways, Postal, Telegraphy, Electricity are some of modern illustrations.

The detailed rules in the books of Manu smriti, Yajnavalkya smriti and Kautilya Arthashastra, have clearly stated that the state should sell out prices beneficial to the citizens. If the traders secretly form a cartel among themselves to raise prices directly or indirectly they should be punished. This is the view of Dharmasastras. At the same place Kautilya has also warned not to create 'KALAPAROKSHAM' and 'SANKULA DOSHAM'.

“Ajasra panyanaam kaloparodham sankula dosham va mothpadayeth”⁴ Kalaroksham is explained as restriction of time to sale. And the latter term, Sankula Dosham is explained as evils of the centralization by Shyama sastri. But it is explained as the excessive supply of the merchandise by Mallapudi Rangaiah.

It may be the mixing of proper and improper merchandise. Additionally, one should not try to change the price of merchandise through creating scarcity or surplus in the production of common merchandise. Even in the competitive market, if sellers decrease the price for their business then they should pay the loss or difference between actual prices and administer price to the king. “Bahumukham va rajanyam vaidhehakhaha kruthargam vikreneran chedanurupam cha vaidharanam dadhuhu”. In trade, businessman has to sell his commodities in the local national and international markets in that order. While marketing his goods he has to give first preference to his community and to his nation and only thereafter to himself. So for the sake of good profit, goods essential to one's own country should not be either exported or imported.

”Ubhayanca prajanaam anugrahena vikrapayeth sthulamapi

Cha labam prajaanam ouparikam varayeth”⁴

No trade in goods which is dangerous to a nation should be encouraged.

“Ragnyaha prakhyatha bhandani prathisidhyani yanicha

Tani niraharatho lobhatsarvaharam hare nrupaha”⁵

If such trade is indulged in for the benefit then the king should punish and confiscate the local profits earned.

“Vyasiddham rajayogyam cha vikreetham rajagami tat”⁶

Similarly, some of the articles are invalid for export.

CONCLUSION

In today’s market, there exist many lacunes, which are the shortcomings to understanding and bridging the gap between the seller and buyer, fulfilling of which can do a proper justice between the two. In the present paper, we tried to emphasize that there has been a proper way of identifying the value of goods, and commodities, based on certain standards in ancient India, the values of which need to be incorporated into our current business acumen.

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