

PRICE THEORY IN ANCIENT INDIA

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ABSTRACT

In the present world, due to black marketing and the profit moto of capitalists, consumers are facing major problems with purchases of any kind. To get control over the high price, the government need to take some measures in the view of the common people. In this scenario, we like to revisit our ancient systems where the administration has been admired greatly. The present paper describes some of the measures of Artha sastra, which may be adaptable even in today's world.

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INTRODUCTION

In economics the word price is defined as the value of a commodity or merchandise in terms of money. Merchandise must and should have value. This value depends upon the labour. That is why there is no price for water, air etc., which have the utility without any labour. In the Indian view these natural things which are available without labour also have value because; the labour of 'Paramatma' or Brahma is there. The price depends upon the labour. The result of labour is production. So in other words one can say that the price is dependent upon production. Hence the economists said that price depends upon demand and supply also which are the dependents of production. One can say that on considering the demand and supply i.e. labour the market price is to be decided.

In Manudharmasastra -

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“aagamam nirgamam sthanam tatha vrudhikshayavubhou Vicharya sarvam punayanam kaaryeth krayavikrayoh Pancharathre pancharathre pakshe pakshethava gathe Kurveetha cheisham prathyakshamadharsamsa sthapanam nrupaha”-

“tulaamaanam prathimanam sarvamcha syasthurakshitham Shatsu shatsu cha maseshu punareva pareekshayeth”

While describing the price one has to take into consideration from where, or from how much distance the goods or merchandise travelled, what, expenses were incurred, and what has to be the profit. And the price should not be problematic or harmful from the point of view of consumer and producer. Moreover such a divided price also be supervised at least once in a fortnight or once in five days. The weights and measures are to be checked once in six months period.

“ ubhayam cha prajanamanugrahena vikrapyeth Sthulamapi cha labham prajanaam oupakarikam vaarayeth”

As per above text, extracted from Kautilya’s Arthasastra, merchandise sale is for the welfare of the people, and while selling the goods the price has to be decided in favour of the public. The price should not create trouble to the public with a view of getting more profit price should not be increased. The superintendent of commerce shall fix the profit and price of the merchandise i.e. five percent profit over the cost price of local commodities and ten percent on foreign produce. Merchandise who enhance the price to gain more profit than the fixed price in their sale or purchase of merchandises shall be punished.

In the same way the group of businesspersons who by creating the scarcity' through preventing the merchandise entering into the market or conspire- either to sale or purchase aiming at price raise also shall be punished.

Similarly if the value of property is increased through bidding among purchasers, the increased value or price shall be handed over to the treasury along with toll. Through the measures mentioned above the superintendent of market has to maintain the fixation of price keeping in view the seller as well as buyer. The business through agents is also accepted for the benefit of public only on the basis of daily wages.

While dealing with Exports and Imports of goods one has to compare the cost and the sale price and if found profitable only should deal with it. The price has to be fixed keeping in view the expenses like conveyance less, toll, roadcess, tax payments at military stations, ferry charges, subsistence to merchant and his followers rent and the portion of merchandise payable to the king of a foreign country with whom the business transactions are dealt.

In case the merchandise is manufactured long before or is from a distant place, the superintendent of market has to fix the price in consultation with the experts, considering the capital, the cost of production, the amount of toll, the interest on out lay hire, and other miscellaneous expenses.' Same is the view of Yajnavalkya regarding the foreign trade and price

“raajani sthapyathey yordhaha prathyaham thena vikrayaha Trayova nihi swaswastasmadnijam mabhakruthsmruthaha Swadeshapanaye tu shantham vanigrunheetha panchakam Dashakam paaradeshaye tu yaha sadhaha krayavikrayoh Panyasyepari samsthapaya vyayam panayasamudhbhavam Ardhenugrahakruthkaryaaha krethuvikrethurevacha”

With a profit motive, the goods have to be bartered with foreign produce.

In modern Economics also the international trade takes place with the comparison of cost price. Obviously, one country aims at the comparative advantage over the other in cost price. This is a classical theory" which ignores the transport cost and also its assumption of free trade between countries proves to be impractical. But Kautilya in his Arthasatra is proved to be more practical giving no scope for any of such loop holes.

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