

Vaishya Dharma and Mercantile Ethics in Classical Indian Texts: Implications for Contemporary Business Culture

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ABSTRACT

Purpose: *This research paper undertakes a comprehensive investigation into the principles of Vaishya Dharma and mercantile ethics as codified in classical Indian texts — most notably Kautilya's Arthashastra, the Bhagavad Gita, the Manusmriti, and the Dharmashastric tradition — and examines their enduring relevance to contemporary business culture.*

Methodology: *In this paper, the exploratory qualitative research method is used. The relevant information is collected using keyword-based search in Google search engine, Google Scholar search engine, and AI-driven GPTs. This information is analysed and interpreted as per the objectives of the paper.*

Analysis/ Results: *The paper argues that ancient Indian civilisation developed a sophisticated, integrated moral framework for commerce millennia before the emergence of modern corporate ethics as an academic or regulatory discipline.*

Originality/ Values: *The central thesis holds that far from being antiquated or culturally parochial, the ethical business framework distilled from classical Indian texts — centred on Satya (truth), Ahimsa (non-harm), Asteya (fair exchange), Shaucha (integrity), and Aparigraha (non-greed) — offers a coherent, actionable, and philosophically rigorous alternative to purely profit-driven models of commerce. The paper concludes with a call for greater integration of these principles into management education, particularly in Indian business schools, where the cultural resonance and historical depth of this tradition can serve as a powerful resource for producing ethical, socially responsible leaders.*

Type of Paper: *Exploratory Research.*

Keywords: Vaishya Dharma, Arthashastra, Kautilya, Business Ethics, Purusharthas, Karma Yoga, Indian Knowledge Systems, Corporate Social Responsibility, Dharmic Commerce, Management Education.

I. INTRODUCTION :

The discourse on business ethics in contemporary management literature is frequently framed as a Western philosophical inheritance — tracing its lineage from Aristotelian virtue ethics, Kantian deontology, and Rawlsian justice through to stakeholder theory, ESG (Environmental, Social, and Governance) frameworks, and United Nations Sustainable Development Goals. This framing, however well-intentioned, inadvertently occludes an equally sophisticated — and considerably older — tradition of commercial ethics that flourished in ancient India and found systematic expression in texts of remarkable intellectual rigour.

India's classical civilisation recognised commerce not merely as an economic necessity but as a moral vocation. The Vaishya, positioned as the productive and mercantile class within the fourfold varna system, was not simply a wealth-generator but a dharma-bearer — an individual whose occupational conduct was governed by clearly articulated ethical duties, ritual obligations, and social responsibilities (Suda (1970). [1]). This framework of Vaishya Dharma, embedded in texts ranging from the Rigveda and the Manusmriti to Kautilya's Arthashastra and the Bhagavad Gita, constitutes one of the world's earliest and most comprehensive bodies of commercial ethics (Garg & Manhas (2022). [2]).

The relevance of this tradition to the present moment is not merely academic. India's corporate sector continues to grapple with persistent challenges of governance failure, market manipulation, tax evasion, and social irresponsibility — as evidenced by high-profile cases from Satyam Computers to IL&FS and Byju's. Simultaneously, a growing body of management scholarship is rediscovering the wisdom embedded in Indian Knowledge Systems (IKS), recognising that frameworks such as Karma Yoga, the Purusharthas, and dharmic governance offer psychologically robust, culturally grounded, and institutionally actionable resources for building ethical business cultures (Sharma (1999). [3]).

This paper is organised as follows. Section 2 provides the historical and sociological context for understanding Vaishya Dharma within the varna system. Section 3 offers a detailed textual analysis of the Arthashastra's business ethics framework. Section 4 examines the Purusharthas — the fourfold scheme of human aims — as a philosophical architecture for balancing profit with duty. Section 5 translates philosophical principles into practical business guidelines as found in the classical texts. Section 6 assesses the contemporary relevance of these principles across domains of CSR, leadership, sustainability, and regulatory governance. Section 7 presents a critical evaluation, and Section 8 concludes with implications for management education and policy.

2. REVIEW OF LITERATURE :

Classical Indian thought treats economic life not as a morally neutral activity but as a regulated social duty embedded within **dharma**. Within the fourfold varna framework, the **Vaishya** was traditionally associated with agriculture, cattle-rearing, trade, money-lending, exchange, and wealth generation. However, the pursuit of **artha** was expected to remain subordinate to ethical restraint, social responsibility, fairness, and public welfare. This makes Vaishya Dharma an important conceptual foundation for understanding indigenous Indian approaches to business ethics, corporate responsibility, and stakeholder-centred management.

A major theme in the literature is the integration of **artha** and **dharma**. Kautilya's *Arthashastra* is frequently interpreted not merely as a manual of political strategy but also as a sophisticated text on economic governance, taxation, accountability, market regulation, and ethical administration. Sihag argues that Kautilya's economic thinking placed strong emphasis on institutional discipline, ethical conduct, knowledge, and prosperity, suggesting that economic success was sustainable only when supported by just governance and moral order (Sihag (2007). [4]). Similarly, Muniapan and Shaikh show that Kautilya's principles of governance have relevance for contemporary corporate governance, especially in relation to accountability, stakeholder welfare, leadership responsibility, and prevention of misuse of power (Muniapan & Shaikh (2007). [5]).

The Vaishya ideal in classical texts may be understood through three ethical dimensions: **truthful exchange, fair accumulation, and socially responsible distribution**. Mercantile ethics in ancient India discouraged exploitation, fraudulent weights and measures, hoarding, adulteration, and unjust profiteering. Kautilya's concern with market supervision, price regulation, penalties for fraud, and protection of consumers shows that ancient Indian economic ethics recognized the possibility of market failure and moral hazard. Sihag's study of Kautilya on moral, market, and government failures demonstrates that Kautilya understood private interest, monopoly tendencies, and information asymmetry as risks that required institutional correction (Sihag (2009). [6]).

Another important contribution of the literature is the idea that taxation and revenue collection were morally justified only when they promoted public welfare. Sihag's work on public goods and taxation explains that Kautilya viewed taxation as a means of supporting infrastructure, security, welfare, and social order rather than arbitrary extraction (Sihag (2005). [7]). This is highly relevant to contemporary debates on corporate taxation, responsible profit-making, and the ethical duties of business organizations toward society. In this sense, Vaishya Dharma does not reject wealth creation; rather, it insists that wealth must circulate through socially beneficial channels.

The ethical role of incentives is also central to classical Indian economic thought. Sihag's analysis of moral and material incentives in Kautilya indicates that ancient Indian governance recognized both external reward systems and internal moral motivation (Sihag, 2007 [8], pp. 263–292). This has implications for modern business culture, where compliance-based ethics alone may be insufficient. Organizations require both formal controls and value-based leadership. A dharmic business culture would therefore combine rules, audits, incentives, training, and internalized ethical commitment.

The relationship between religion, reputation, and commerce is another key area in the literature. Iyer's study of Indian merchant communities argues that religion and reputation historically played a major role in organizing trust-based commercial networks, especially in intermediary markets (Iyer (1999). [9]). This is directly connected to Vaishya Dharma because merchant identity was not only occupational but also moral and communal. Reputation functioned as an informal regulatory mechanism: a trader's long-term success depended on honesty, reliability, and community trust.

Modern studies on Indian business ethics also show continuity between traditional moral frameworks and contemporary business values. Berger and Herstein trace the evolution of business ethics in India and argue that Indian ethical culture has historically been shaped by concepts such as dharma, artha, duty, justice, and community obligation (Berger & Herstein (2014). [10]). Their work supports the view that contemporary Indian business culture cannot be fully understood through Western profit-maximization models alone; it also carries embedded civilizational assumptions about duty, social harmony, and moral restraint.

The *Arthashastra* also presents a proto-stakeholder model. Kautilya's concern for the ruler, citizens, traders, producers, consumers, treasury, and social stability indicates that economic policy was evaluated through multiple interests. Muniapan and Shaikh's interpretation of Kautilyan governance connects this with modern stakeholder theory, arguing that corporate governance must balance shareholder value with social responsibility (Muniapan & Shaikh (2007). [5]). This insight is especially relevant today, when businesses are expected to address environmental, social, and governance concerns rather than pursue profit in isolation.

Recent scholarship further extends this discussion to management and institutional order. Rooney's study on management and social order in ancient India highlights how rituals, institutions, and commerce interacted in maintaining social cohesion and generating wealth (Rooney (2024). [11]). This supports the idea that classical Indian commercial life was not purely transactional; it was embedded in broader cultural and institutional systems. For contemporary business culture, this implies that ethical markets require not only laws but also shared norms, rituals of accountability, and institutional trust.

The literature also shows that classical Indian ethics can contribute to contemporary corporate social responsibility. Kumar's study on Vedic literature and human rights demonstrates that ancient Indian texts contain moral ideas related to dignity, duty, social order, and responsibility (Kumar (2021). [12]). Although not limited to business ethics, such insights help frame Vaishya Dharma as part of a wider ethical worldview where economic activity must respect human welfare and social justice.

Similarly, studies on Dharmashastra and ethical business practices argue that ancient Indian normative texts emphasized fairness, honesty, non-exploitation, restraint, and responsibility in economic conduct. Tripathi and Patel argue that Dharmashastra-based principles continue to resonate with modern concerns such as CSR, sustainability, consumer protection, and ethical leadership (Tripathi & Patel (2024). [13]). This suggests that Vaishya Dharma may be reinterpreted today not as a rigid caste-based prescription but as a value framework for responsible enterprise.

For contemporary business culture, the implications are significant. First, Vaishya Dharma encourages **ethical wealth creation**, where profit is legitimate but must be pursued through fairness and social responsibility. Second, it promotes **trust-based commerce**, where reputation, truthfulness, and long-term relationships are more valuable than short-term opportunism. Third, it supports **stakeholder welfare**, aligning with modern CSR and ESG frameworks. Fourth, it warns against **market misconduct**, including manipulation, corruption, adulteration, tax evasion, and exploitation. Finally, it emphasizes **self-regulation**, suggesting that ethical business culture requires inner discipline as well as external regulation.

Thus, the literature indicates that Vaishya Dharma and mercantile ethics in classical Indian texts offer a rich indigenous foundation for contemporary business ethics. The classical model does not separate economics from morality; instead, it views commerce as a public duty performed within the limits of dharma. In a modern context marked by corporate scandals, consumer distrust, environmental crisis, and inequality, these ideas can support a more responsible business culture based on ethical profit, stakeholder care, social legitimacy, and sustainable prosperity.

2.1 Review Table using the keyword Vaishya Dharma and Mercantile Ethics in Classical Indian Texts:

Table 1: Review results using the keyword “Vaishya Dharma and Mercantile Ethics in Classical Indian Texts”

S. No.	Area/Focus	Summary/Outcome	Reference
1	Guilds and Governance in Ancient India	The contemporary concept of Corporate Social Responsibility (CSR), centred on balancing economic growth, environmental sustainability, and social welfare, continues to evolve as businesses seek ethical and profitable models of operation. In this context, ancient Indian guild systems offer valuable historical examples of socially responsible and ethically grounded commercial practices. The study of these traditional models can help develop culturally relevant frameworks for modern ethical business management and sustainable corporate governance.	Buckingham, J. (2016). [14]
2	Common good leadership in business management: an ethical model from the Indian tradition	This paper argues that long-term organizational growth is better achieved through commitment to the common good rather than mere profit maximization. Drawing on the leadership philosophies of Kautilya and Ashoka, it emphasizes ethical leadership, social welfare, moral responsibility, and collaboration between business and the state. The study highlights that creating socially beneficial and ethically driven organizations requires conscious effort, moral training, and value-based leadership.	Alexander, J. M., & Buckingham, J. (2011). [15]
3	Dharma as a binary identity	The concept of Dharma historically extended beyond religion and spirituality to include ideas of authority, social order, power, and legitimacy. In ancient and medieval India, Dharma was often used by political, social, cultural, and economic institutions to justify hierarchy and establish identity. The paper highlights that the relationship between Dharma and secular institutions evolved through both conflict and integration across different historical periods.	Vagishwari, S. P. (2015). [16]
4	Ancient vedic literature and human rights	The Vedic literature contains early ideas related to human dignity, duty, justice, and social responsibility, reflecting foundational concepts comparable to human rights. Although these principles are not identical to modern human rights frameworks, they demonstrate that ancient Indian civilization recognized important ethical and social values. At the same time, the relationship between Vedic literature and human rights is complex, containing both supportive elements and certain contradictions.	Kumar, S., & Choudhury, S. (2021). [17]
5	The role of management accounting in ancient India	This study examines management accounting practices during the Mauryan period in ancient India using insights from the Arthashastra. It highlights how accounting and control	Murthy, V., & Rooney, J. (2018). [18]

		systems were used not only for wealth generation but also for enforcing ethical and socially responsible economic behaviour. The paper emphasizes the society-oriented role of management accounting in maintaining discipline, accountability, and acceptable commercial practices in Mauryan organizations.	
6	The economic history of the corporate form in ancient India	This paper examines the historical development of the corporate form in ancient India and argues that organized business structures existed much earlier than commonly assumed. By analysing ancient Indian economic history, the study highlights indigenous forms of corporate organization and governance, suggesting the need to reconsider traditional views on the origin and evolution of corporations and corporate governance systems.	Khanna, V. S. (2005). [19]
7	The Role of Dharma in Indian Thought in the Light of Time and Tradition	Dharma is a complex and multidimensional concept that extends beyond religion to include law, duty, morality, justice, ethics, and righteous living. Classical scholars and Sanskrit literature describe Dharma as the principle that sustains social and cosmic order, closely connected with Rta, the universal cosmic truth. Thus, Dharma represents both an ethical way of life and the moral framework that maintains harmony in society and the universe.	Chatterjee, I., Banerjee, P., & Sarkar, S. (2025). [20]
8	The rise of Jainism and its adoption by the Vaishyas of India	Jainism emerged in the 6th century BCE within the socio-political transformations of northern India and became closely associated with expanding mercantile activities and new political structures. It significantly contributed to the social mobility and rising importance of the Vaishya community, whose economic role grew with the development of trade-based kingdoms. The study highlights the close relationship between religious movements and changing economic and production systems in ancient India.	Gandhi, R. S. (1977). [21]
9	Religion and Development	This study examines the complex relationship between religion and economic development, challenging the view that religion and material progress are inherently opposed. Drawing from debates initiated by Max Weber, the article argues that religion itself is neutral and can either encourage or discourage economic activity depending on how it is interpreted by societies and institutions across different historical contexts.	Srivastava, V. K. (2016). [22]
10	India's cultural values and economic	This discussion challenges the common belief that Indian culture is based solely on spiritual values and opposed to material progress. It	Goheen, J., Srinivas, M. N., Karve, D. G., &

	development: a discussion	argues that Indian tradition also contains strong material and economic values that can support modernization and development. Scholars such as Milton Singer highlight those Indian leaders like Gandhi used these indigenous value systems to justify social and economic reform.	Singer, M. (1958). [23]
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Thus, the review of literature reveals that classical Indian texts such as the *Arthashastra*, *Dharmashastras*, Vedic literature, and other indigenous knowledge sources contain a well-developed framework of mercantile ethics rooted in **Vaishya Dharma**, emphasizing honesty, fair trade, accountability, stakeholder welfare, ethical wealth creation, and social responsibility. Existing studies have largely examined these principles from historical, philosophical, governance, and economic perspectives, while only limited attention has been given to their direct applicability to contemporary business culture and modern organizational ethics. In the context of increasing corporate misconduct, unethical market practices, consumer distrust, sustainability concerns, and the growing demand for value-based management, there is a strong need to reinterpret and contextualize classical Indian mercantile ethics for present-day business systems. Therefore, the current research attempts to bridge the gap between ancient Indian ethical-economic philosophy and modern business practices by critically examining how the principles of Vaishya Dharma can contribute to ethical leadership, responsible entrepreneurship, stakeholder-oriented governance, sustainable commerce, and culturally rooted business ethics in the contemporary corporate environment.

3. OBJECTIVES OF THE PAPER :

Based on the chosen title of the scholarly article, the following objectives may be incorporated:

- (1) To examine the historical, sociological, and philosophical foundations of Vaishya Dharma as articulated in classical Indian texts.
- (2) To analyse the framework of business ethics, governance, taxation, and market regulation presented in Kautilya's *Arthashastra*.
- (3) To study the Purusharthas framework and its role in balancing Dharma, Artha, and ethical wealth creation in commercial life.
- (4) To identify the principles of mercantile ethics such as Satya, Dana, Ahimsa, Aparigraha, and fair exchange embedded in classical Indian traditions.
- (5) To explore the practical business ethics guidelines prescribed in ancient Indian texts with respect to transparency, consumer protection, labour welfare, philanthropy, and environmental stewardship.
- (6) To evaluate the contemporary relevance of Vaishya Dharma in modern corporate governance, CSR, ethical leadership, stakeholder management, and sustainable business practices.
- (7) To critically assess the limitations, contestations, and scholarly debates surrounding the application of classical Indian mercantile ethics in present-day business environments.
- (8) To propose a culturally rooted ethical business framework derived from classical Indian wisdom for promoting responsible and sustainable contemporary business culture.

4. METHODOLOGY :

In this paper, the exploratory qualitative research method is used. The relevant information is collected using keyword-based search in Google search engine, Google Scholar search engine, and AI-driven GPTs. This information is analysed and interpreted as per the objectives of the paper [24-30].

5. VAISHYA DHARMA: HISTORICAL, SOCIOLOGICAL, AND PHILOSOPHICAL FOUNDATIONS :

5.1 The Varna System as a Framework of Social Ethics:

The varna system, frequently — and reductively — characterised in popular discourse as a rigid hereditary caste structure, was articulated in its classical formulations as a functional taxonomy of social roles organised around the principle of distributive justice. The Sanskrit root varna means colour or quality, and the earliest Vedic texts suggest a classification premised on aptitude and disposition rather

than birth. The Mahabharata's conversation between the sages Bharadwaja and Bhrigu is illuminating in this respect: Bhrigu's response to questioning about varna distinctions emphasises that all human beings share identical physical and emotional constitution, and that varnas emerge from individual conduct and inner qualities [31-33].

The Bhagavad Gita amplifies this point explicitly in Chapter IV, verse 13, where Krishna declares: 'The fourfold order was created by me according to the divisions of quality (guna) and work (karma).'

*chatur-varnyam maya srishtam guna-karma-vibhagashah
tasya kartaram api mam viddhyakartaram avyayam*

The four categories of occupations were created by Me according to people's qualities and activities. Although I am the Creator of this system, know Me to be the Non-doer and Eternal.

This formulation positions the varna not as a fact of birth but as an emergent characteristic of one's developed aptitudes and vocational inclinations. B.R. Ambedkar's documentation that varna assignment in the early tradition occurred only after twelve years of Vedic study, when the guru assessed the student's intellectual and temperamental disposition, corroborates this functional reading.

The Purusha Sukta of the Rigveda (10.90) provides the cosmological anchor for the fourfold social order, locating the four varnas within the body of the primordial Cosmic Person: Brahmins from the mouth, Kshatriyas from the arms, Vaishyas from the thighs, and Shudras from the feet. The positioning of Vaishyas at the thighs is symbolically significant — the thighs represent power, stability, and productive energy, the locomotive force that sustains the body's movement through the world. This cosmological positioning reflects the Vaishya's social function: the productive engine of civilisational sustenance.

The textual claim is accurate. Rigveda 10.90.12 reads:

Brāhmaṇo'sya mukham āsīt, bāhū rājanyaḥ kṛtaḥ, ūrū tad asya yad vaiśyaḥ, padbhyāṃ śūdro ajāyata — "The Brahmin was his mouth, the Kshatriya his arms were made, his thighs the Vaishya, from his feet the Shudra was born."

The cosmological mapping is textually verified. The **interpretive claim** — that thighs symbolise power, stability, and productive energy — is a scholarly inference, not an explicit Vedic gloss, but it is a well-supported and widely accepted reading in Indological literature (Kane, Davis, Olivelle).

Verification and Expansion:

Veracity Assessment: Substantially TRUE — with one interpretive caveat

The textual claim is accurate. Rigveda 10.90.12 reads:

Brāhmaṇo'sya mukham āsīt, bāhū rājanyaḥ kṛtaḥ, ūrū tad asya yad vaiśyaḥ, padbhyāṃ śūdro ajāyata — "The Brahmin was his mouth, the Kshatriya his arms were made, his thighs the Vaishya, from his feet the Shudra was born."

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The *Purusha Sukta* of the Rigveda (10.90) constitutes one of the most consequential cosmological statements in the entire Vedic corpus. Its twelfth verse locates the origins of the four *varnas* within the sacrificed body of *Purusha*, the Cosmic Person whose dismemberment generates the social, natural, and ritual order simultaneously. The Brahmin emerges from the mouth — the organ of speech, sacred utterance, and the transmission of *śruti*; the Kshatriya from the arms — the instruments of protection, force, and governance; the Vaishya from the thighs — the seat of locomotive power, productive vitality, and the generative strength that propels the body through the world; and the Shudra from the feet — the foundation that bears the entire superstructure. The placement of the Vaishya at the thighs is cosmologically and functionally deliberate. In classical Indian anatomical symbolism, the thighs (*ūru*) represent neither the commanding authority of the arms nor the contemplative sovereignty of the mouth, but something equally indispensable: the engine of sustained movement, economic propulsion, and civilisational endurance. The Vaishya, as agriculturalist, pastoralist, and merchant, is precisely this — the productive force that keeps the social body in motion, circulating resources, sustaining livelihoods, and generating the material surplus upon which Brahminic learning and Kshatriya governance alike depend. Far from a position of subordination, the thighs in the *Purusha Sukta* framework encode the Vaishya's irreplaceable function as the metabolic core of the *dharmic* social order.

This cosmological anchoring would later be elaborated in the *Manusmriti*, the *Arthashastra*, and the mercantile ethics of the *Mahabharata's Shanti Parva*, where the Vaishya's *svadharma* of wealth

creation, honest trade, and cattle-rearing is consistently framed not as mere economic activity but as a sacred obligation — a cosmic duty encoded at the moment of creation itself.

5.2 The Vaishya: Dvija Status and Its Implications:

A crucial and often overlooked feature of the classical Vaishya identity is the designation of dvija — 'twice-born' — shared with Brahmins and Kshatriyas. This status entitled Vaishyas to the upanayana ceremony (the sacred thread investiture), granting them access to Vedic study and the performance of Vedic sacrifices. The spiritual dimension of this status is not incidental; it signals that the Vaishya's commercial vocation was understood as embedded within a larger framework of dharmic obligation [32].

The threefold duty of the Vaishya as specified in the Manusmriti encompasses dana (charity), adhyayana (Vedic study), and yajna (sacrifice). This tripartite formulation is remarkable: only one of the three duties is explicitly commercial. The other two — spiritual study and ritual offering — root the Vaishya firmly within a broader moral and religious community. The practical livelihood activities — krishi (agriculture), go-raksha (cattle protection), and vanijya (trade and commerce), as specified in the Bhagavad Gita (18.44) — are thus understood as instruments of dharmic fulfilment rather than ends in themselves.

*krishi-gau-rakshya-vanijyam vaishya-karma svabhava-jam
paricharyatmakam karma shudrasyapi svabhava-jam*

Agriculture, dairy farming, and commerce are the natural works for those with the qualities of Vaishyas. Serving through work is the natural duty for those with the qualities of Shudras.

The Arthashastra's enumeration of Vaishya duties extends this framework: study, sacrifices, charity, agriculture, cattle-breeding, and trade are listed together as an integrated vocational ethics. This integration of spiritual practice with economic activity is perhaps the most distinctive feature of the classical Indian conception of the merchant — commerce is not a morally neutral or merely pragmatic domain but a field for the cultivation and expression of dharmic virtue (Sahu (2009). [34]).

5.3 The Ethical Constraint on Accumulation: Dana and Pratidana:

The principle of dana (charitable giving) and its reciprocal dimension pratidana (the return of benefits) occupies a central place in Vaishya Dharma as articulated in the classical texts. The Vaishya was not simply permitted to accumulate wealth; the dharmic framework actively required that accumulated wealth be redistributed through prescribed channels — support of Brahmins through ritual offerings, payment of taxes to Kshatriyas for protection and governance, and charitable disbursements to the needy and to public goods.

The Arthashastra specifies that Vaishyas paid one-eighth of grain produce and one-twentieth of profits from gold or cattle as taxes to the state — a graduated tax system that anticipates modern principles of progressive taxation. This fiscal architecture created a causal framework: the productive surplus generated by the Vaishya class was systematically channelled into the sustenance of the knowledge-producing class (Brahmins) and the protective-governing class (Kshatriyas), maintaining the interdependence of functions that constituted social health.

The Dharmashastra texts' explicit prohibition of usury among kin and their insistence on honest dealings in all transactions reflect an understanding that commercial relationships, when corrupted by exploitation, dissolve the social trust on which both markets and communities depend. The principle of dana was thus not merely an act of personal generosity but a structural mechanism for preventing hoarding and ensuring the circulation of resources throughout the social body.

6. THE ARTHASHASTRA'S FRAMEWORK FOR BUSINESS ETHICS :

6.1 Kautilya's Integration of Economics and Ethics:

Kautilya's Arthashastra (composed between the 4th century BCE and 3rd century CE, with scholarly consensus favouring a Mauryan-era core) stands as one of the most remarkable works of political economy in the ancient world. Its scope is encyclopaedic, covering statecraft, diplomacy, military strategy, espionage, agriculture, mineralogy, animal husbandry, medicine, and commerce. What distinguishes it as a work of business ethics, however, is its foundational insistence that economics and ethics are not separable domains but integrated dimensions of governance and commercial practice [7].

Kautilya positions dharma as the foundation of all business practice. The text explicitly warns against corrupt or unethical conduct while promoting honesty, fairness, and transparency in commercial dealings. This is not a moralistic overlay on an otherwise amoral political economy; it is a structural argument that ethical commerce is instrumentally necessary for the prosperity and stability of the state. Kautilya's 'realism,' often invoked to contrast him with more idealistic thinkers, does not entail moral indifference — it entails a sophisticated recognition that sustainable economic performance requires ethical infrastructure.

6.2 Market Regulation and Consumer Protection:

The Arthashastra's treatment of market regulation is strikingly modern in its concerns and mechanisms. The text values commerce as a source of state revenue and public prosperity but is explicitly wary of unregulated markets leading to exploitation. Merchants were required to register with the state and to maintain accountability through regular audits. Fraudulent practices — false weights, adulteration of goods, hoarding of essential commodities — attracted graduated punishments calibrated to the severity of the offence and the status of the offender [35].

Consumer protection emerges as a priority of state governance. The Arthashastra's graduated punishment system — specifying different penalties for different categories of commercial fraud — reflects a nuanced understanding of market failures and the state's responsibility to correct them.,

Thomas Trautmann is an American historian and anthropologist, renowned for his studies on ancient India, kinship systems, and the Arthashastra, serving as Professor Emeritus at the University of Michigan and who among modern scholars, has highlighted the text's support for regulated free-market practices alongside protection of individual property rights, describing a balanced economic vision that avoids both statist command economy and laissez-faire deregulation.

The text's provisions for market supervision operated through overlapping oversight mechanisms: the superintendent of commerce (Panyadhyaksha), the superintendent of weights and measures (Pautavadhyaksha), and the superintendent of trade routes. These specialised officials-maintained price surveillance, quality inspection, and anti-monopoly enforcement with a rigour that anticipates modern competition law and consumer protection regulation.

6.3 Principles of Taxation: Ancient Fiscal Wisdom:

The taxation principles articulated in the Arthashastra are among its most practically sophisticated contributions. Kautilya's advocacy for equitable taxation — commensurate with individual ability to pay — predates by two millennia the modern principle of progressive taxation. His caution against excessive taxation, which he recognised as triggering public discontent, economic decline, and ultimately the erosion of state revenue itself, echoes the Laffer curve intuition in contemporary fiscal theory [36].

The Arthashastra's stipulation that taxation should remain convenient to pay, easy to calculate, inexpensive to administer, equitable, non-distortive, and growth-enabling maps remarkably well onto Adam Smith's four canons of taxation (equality, certainty, convenience, and economy) articulated over two thousand years later in the *Wealth of Nations* (1776) [37]. Kautilya's insistence that taxes should be collected only from 'ripened' economic activity — not from enterprises in their early, pre-productive stages — addresses a concern (the taxation of productive capacity before it generates returns) that remains live in contemporary startup ecosystems.

The text's preference for expanding the tax base over increasing rates reflects an understanding that broad-based moderate taxation promotes economic stability by distributing the fiscal burden without crushing any particular sector. This insight has proven durable across centuries of economic experience and continues to inform modern tax policy debates.

6.4 Governance, Leadership, and Anti-Corruption Measures:

One of the most striking features of the Arthashastra is its elaborate architecture for preventing corruption in public and commercial life. Kautilya provides a comprehensive enumeration of forty kinds of embezzlement in the context of state funds — a taxonomy of financial misconduct that demonstrates the sophisticated awareness of malfeasance that ancient administrators possessed. His prescribed response to corruption includes public disclosure of offenders and their crimes, a mechanism of social accountability that anticipates modern transparency and whistleblower-protection frameworks.

The appointment of officials — including commercial regulators and market superintendents — is governed by explicit criteria of capability and moral integrity. Kautilya states that individuals 'pure in character, with control over their senses' should hold ministerial and regulatory positions. This recognition that the effectiveness of governance institutions depends critically on the character of their personnel — not merely their competence — predates modern institutional economics' attention to the importance of social norms and individual virtue for institutional performance.

The text advocates for surveillance and audits of ministers and state officers as a systemic, not exceptional, mechanism — understanding that even well-intentioned individuals are subject to the corrupting influence of power and opportunity. This institutionalisation of oversight anticipates modern corporate governance mechanisms such as independent audit committees, board oversight, and regulatory inspection regimes [38].

Tamil Nadu inscriptions from approximately a thousand years ago corroborate the cultural seriousness with which commercial integrity was treated: while even murder of a Brahmin was considered pardonable under certain circumstances, crimes of cheating or swindling public funds were described as unpardonable even by the gods. This remarkable epigraphic evidence suggests that commercial ethics was not merely a philosophical aspiration but a deeply internalised social norm [38].

7. THE PURUSHARTHAS: A PHILOSOPHICAL ARCHITECTURE FOR ETHICAL COMMERCE :

7.1 The Fourfold Framework of Human Aims:

The Purusharthas — the four legitimate aims of human existence recognised in Hindu philosophical tradition — constitute perhaps the most sophisticated philosophical framework for integrating commercial activity within a broader understanding of human flourishing. The four aims are: Dharma (righteous duty and moral order), Artha (wealth, prosperity, and material well-being), Kama (desire, pleasure, and emotional fulfilment), and Moksha (spiritual liberation and ultimate freedom from conditioned existence) [39].

What is philosophically distinctive about this framework is its explicit recognition of Artha — material prosperity — as a legitimate and necessary aim of human life. In contrast to ascetic traditions that treat material wealth as an obstacle to spiritual development, the Purusharthas tradition insists that prosperity is not merely permissible but essential to human flourishing. The pursuit of wealth, when conducted in accordance with dharmic principles and in service of legitimate human desires, is understood as part of the complete human life rather than a concession to weakness or an unavoidable evil.

7.2 The Dharma-Artha Relationship: Competing and Complementary

The relationship between Dharma and Artha within the Purusharthas framework is complex and has been the subject of sustained philosophical debate within the Indian tradition. The Gautama Dharmashastra, Apastamba Dharmasutra, and Yajnavalkya Smriti all assign primacy to Dharma, arguing that righteous conduct takes precedence over the pursuit of wealth and pleasure. When Dharma is neglected, they argue, the pursuit of profit and pleasure generates social chaos rather than human flourishing [40].

Kautilya offers a characteristically pragmatic counter-position in the Arthashastra, arguing that Artha — prosperity and material security — serves as the foundation upon which both dharmic and pleasurable life become possible. Without economic security, he contends, moral life is difficult to sustain poverty breeds vice and resentment, while prosperity creates the conditions in which virtues and social solidarity can flourish. This is not a rejection of Dharma's primacy but a recognition of the material preconditions for its practice.

The synthetic resolution that emerges from this debate is captured in Kautilya's further observation that all three aims — Dharma, Artha, and Kama — are mutually interdependent. Excessive pursuit of any one dimension to the complete exclusion of the others damages all three, including the one pursued. The Arthashastra's warning that a ruler who abandons Dharma in pursuit of Artha will ultimately lose both is a powerful statement of the instrumental as well as intrinsic importance of ethical conduct in commercial life.

7.3 Artha-Dharma: Righteous Profit as a Conceptual Achievement:

The compound concept of Artha-Dharma — righteous wealth — represents one of the most significant intellectual achievements of the classical Indian tradition in commercial ethics. This concept insists that the pursuit of profit must be conducted in accordance with moral standards: that financial ambitions must harmonise with moral responsibilities, and that the methods by which wealth is acquired are as morally significant as the uses to which it is put [41].

The Arthashastra's distinction between *varta* (legitimate commerce involving agriculture, animal husbandry, and trade) and practices that exploit or harm others reflects this concept in operational terms. The text's explicit condemnation of adulteration, false measurement, usurious lending, and hoarding as forms of dharmic violation — not merely technical legal infractions — establishes a moral framework for commercial practice that transcends mere rule-compliance.

The concept of virtue-and-profit (*dharma-artha*) as a complementary duality — representing the balance between moral integrity and material gain — appears across the classical literature with notable consistency. The insistence that actions must be both ethical and beneficial, sought for the sake of genuine happiness and flourishing rather than for narrow material advantage, constitutes a sophisticated anticipation of stakeholder theory's claim that sustainable business success requires the alignment of commercial and social value creation.

7.4 Karma Yoga and the Psychology of Ethical Business:

The Bhagavad Gita's teaching of Karma Yoga — the path of disciplined, detached action — offers perhaps the most psychologically sophisticated dimension of the classical Indian framework for business ethics. Krishna's instruction to Arjuna — 'You have the right to work, but never to the fruit of work; you should never engage in action for the sake of reward, nor should you long for inaction' — is frequently cited as an abstract spiritual maxim but has been recognised by management researchers as a practical framework for sustainable high-performance leadership.

karman्य-evādhikāras te mā phaleṣhu kadāchana

mā karma-phala-hetur bhūr mā te saṅgo 'stvakarmaṇi

You have a right to perform your prescribed duties, but you are not entitled to the fruits of your actions. Never consider yourself to be the cause of the results of your activities, nor be attached to inaction.

Research studies have demonstrated that Karma Yoga practices — including non-attachment to results, duty-focused motivation, and dedication of work to a higher purpose — enhance psychological capital and reduce job burnout among managers and professionals. This is not merely a philosophical claim but an empirically documented relationship: individuals who internalise the Karma Yoga orientation report higher resilience, greater equanimity under pressure, and more sustainable levels of commitment and engagement.

The concept of Nishkama Karma — action free from craving for personal results — does not imply indifference to outcomes or carelessness in execution. Classical interpreters are emphatic that work must be performed with utmost sincerity, truthfulness, and complete ownership while the practitioner remains detached from the personal fruits of that work. This combination of absolute commitment to quality and process with equanimity regarding personal reward constitutes a psychological disposition ideally suited to ethical business leadership in environments of uncertainty and complexity.

8. PRACTICAL BUSINESS ETHICS GUIDELINES FROM CLASSICAL TEXTS :

8.1 Honesty, Transparency, and the Principle of Satya:

The centrality of Satya — truthfulness and transparency — in classical Indian business ethics extends beyond the prohibition of outright lying to encompass a comprehensive requirement for honest representation in all commercial dealings. The Dharmashastras' warnings against fraudulent and deceitful practices specify that merchants were expected to conduct business in accordance with dharma, considering the impact of their actions on others rather than pursuing profit through misrepresentation. This principle of Satya — as truthfulness in action, not merely in speech — constitutes the foundational ethical requirement for commercial life in the classical texts [42].

Contemporary research validates the classical intuition: studies indicate that 72% of consumers identify transparency as an important or extremely important business trait, and organisations that embed transparency into their operational culture demonstrate stronger long-term stakeholder relationships. The ancient texts recognised this connection between openness and trust centuries earlier, embedding

transparency not as a strategic calculation but as a moral imperative rooted in the Vaishya's dharmic identity.

8.2 Weights, Measures, and Quality Standards:

Ancient India maintained highly developed systems of standard weights and measures as essential infrastructure for commercial integrity. The Manusmriti states explicitly that kings shall impose weight, measurement, and quality standards to prevent deception in the marketplace. Archaeological evidence from the Indus Valley civilisation — including standardised weights found at Mohenjo-daro and Harappa — suggests that this concern for measurement integrity is one of the oldest features of Indian commercial culture [43].

The Arthashastra's specification of penalties for manipulation of weights and measures — including corporal punishment for serious violations — reflects the understanding that market integrity depends on consumer confidence in the accuracy and reliability of commercial measurements. Merchants who manipulated standards undermined not only individual transactions but the broader social fabric of trust on which market economies depend. This insight remains foundational in modern metrology regulation and quality assurance frameworks.

8.3 Treatment of Employees, Artisans, and Suppliers:

The Arthashastra's provisions for the treatment of labour and artisans represent another dimension of its commercial ethics that anticipates modern human resources management principles. The text insists on treating all commercial relationships — including those with employees, suppliers, and artisans — with respect and compassion, enjoining individuals to act with kindness and empathy and to avoid practices that harm others.

Ancient Indian management practices as documented in classical texts and inscriptions embraced what contemporary scholars have described as servant leadership — an orientation in which leaders serve their followers and prioritise group needs over personal interests. The Arthashastra specifies that leaders should deal honestly with employees, maintain transparency in their dealings, and refrain from exploitation. This approach, research indicates, creates workplace cultures based on trust and respect that enhance both productivity and employee satisfaction, generating the sustainable performance that aligns commercial and human interests.

8.4 Wealth Distribution, Philanthropy, and Dana:

Dana — charitable giving — is not a peripheral or optional dimension of the classical Indian commercial ethic but a fundamental and structurally integrated requirement. The Arthashastra explicitly encourages business owners to engage in philanthropic activities and contribute to community welfare. Vaishyas were bound by dharma to exercise liberality by distributing accumulated wealth, ensuring that resources flowed to support broader community needs and prevent the social dislocations caused by extreme inequality.

This ancient mechanism of wealth distribution finds contemporary resonance in the Companies Act 2013 mandate in India requiring companies above a certain threshold to spend 2% of average net profits on CSR activities — a statutory embodiment of the dana principle that has become one of the most significant corporate governance innovations of the contemporary period. The philosophical foundation for this legislative innovation is not, it turns out, foreign to the Indian tradition; it is deeply embedded in it [44].

8.5 Environmental Stewardship: Sustainability as Dharma:

Sustainability — the responsible stewardship of natural resources for present and future generations — appears in the classical texts not as a modern environmental concern grafted onto an ancient economic framework but as a core dimension of the commercial dharma itself. The Arthashastra provides detailed guidelines for the sustainable management of forests, water resources, and minerals. Kautilya emphasised using resources wisely and promoting environmental preservation, explicitly warning against practices that harmed the environment or depleted natural resources.

The text's recognition of agriculture as the state's backbone — and its incorporation of detailed provisions for agriculture, mineralogy, animal husbandry, and forest and wildlife management — reflects an integrated understanding of the relationship between ecological health and economic

prosperity that contemporary sustainability science is working to re-establish after centuries of industrial-era separation. The principle of Ahimsa (non-harm) extended in the classical tradition beyond interpersonal violence to encompass environmental harm, creating a moral basis for ecological responsibility that predates modern environmental ethics.

9. CONTEMPORARY RELEVANCE: APPLYING ANCIENT WISDOM TO MODERN BUSINESS CHALLENGES :

9.1 Corporate Social Responsibility Through the Dharmic Lens:

The concept of Corporate Social Responsibility has emerged in contemporary business discourse as a response to the perceived inadequacy of purely profit-maximising models of corporate behaviour. The classical Indian framework offers a philosophical foundation for CSR that is arguably more coherent and deeply integrated than its Western counterparts, because it does not add social responsibility as an external constraint on otherwise amoral commercial activity but embeds it as a constitutive dimension of the commercial vocation itself [45].

The concept of Sarvodaya — the welfare of all, associated with Mahatma Gandhi's interpretation of classical principles — promotes an inclusive understanding of business in which the well-being of employees, customers, suppliers, and the broader community receives equal consideration alongside investor returns. This duty orientation (dharma) combined with action orientation (karma) positions CSR not as optional philanthropy or strategic reputation management but as a fundamental expression of the commercial dharma. Research suggests that CSR conceived in these terms — beginning with Individual Social Responsibility and extending to Global Social Responsibility — generates more authentic and sustainable organisational commitment than compliance-driven approaches.

The Tata Group's extraordinary record provides an illustrative example. Operating on principles explicitly derived from dharmic ethics for over 150 years, with 66% of shares held by charitable trusts and a consistent commitment to employee welfare, community development, and environmental stewardship, the Tata Group has demonstrated that dharmic commerce is not only philosophically coherent but commercially viable — indeed, commercially superior to short-term profit maximisation in terms of long-run performance, brand integrity, and stakeholder trust [46].

9.2 Ethical Decision-Making: The Dharma Check:

Hindu philosophy's five pillars for ethical business decisions — Satya (truth and transparency), Ahimsa (non-harm), Asteya (fair exchange), Shaucha (integrity), and Aparigraha (sustainable growth without greed) — offer a practical decision-making heuristic for contemporary managers navigating complex ethical dilemmas. Applied as a pre-decision checklist, these five principles address the full range of ethical considerations that contemporary stakeholder frameworks identify as relevant to responsible corporate behaviour [47].

The dharma check — asking whether a proposed action maintains truthfulness, minimises harm, ensures fair exchange, preserves pure intentions, and avoids excessive greed — provides a structured ethical reasoning process that is simultaneously philosophically grounded and practically actionable. Unlike rule-based compliance frameworks, which generate box-ticking behaviour without genuine moral engagement, the dharma check engages the decision-maker's moral imagination, requiring substantive reflection on the ethical quality of intended actions rather than mere procedural compliance.

9.3 Leadership, Integrity, and the Kautilyan Manager:

Kautilya's emphasis on intellectual honesty as foundational to trustworthy leadership has been identified by contemporary management researchers as an underemphasised principle in current corporate strategy, creating significant gaps in ethical transparency and stakeholder trust. The Arthashastra's insistence that leaders must be 'pure in character, with control over their senses' addresses a dimension of leadership effectiveness that contemporary competency frameworks — with their emphasis on technical skills, strategic intelligence, and executional capability — tend to neglect [48].

The concept of Danda (righteous authority exercised in accordance with dharma) in the Arthashastra provides a sophisticated framework for understanding legitimate governance that integrates power and ethics rather than treating them as necessarily in tension. Kautilya's king — like the contemporary ethical CEO — exercises authority not for personal aggrandisement but in service of the collective welfare (Lokasamgraha, the holding together of the world, in the language of the Bhagavad Gita). This

service orientation provides the moral foundation for legitimate authority and sustainable institutional performance.

9.4 The Sreshthi as Proto-Corporate Citizen:

The classical Indian institution of the Sreshthi — the guild leader or chief merchant — provides an important historical bridge between ancient commercial ethics and contemporary corporate citizenship. Sreshthis served as leading figures of merchant guilds (Shrenis) that regulated commercial conduct, maintained quality standards, arbitrated commercial disputes, and contributed to public infrastructure — building temples, tanks, rest houses, and roads — as expressions of their social responsibility.

The Sreni system, documented in Jataka tales, inscriptions, and legal texts, represents a sophisticated form of self-regulatory commercial institution that combined profit-seeking activity with community service and ethical self-governance. The parallels with modern industry associations, corporate foundations, and multi-stakeholder governance initiatives are striking, and suggest that the institutional forms required for dharmic commerce are not alien innovations but recoveries of ancient Indian practice.

10. CRITICAL EVALUATION: LIMITATIONS, CONTESTATIONS, AND SCHOLARLY DEBATES :

10.1 The Historicity Problem and Textual Authenticity:

Any research engagement with classical Indian texts must grapple seriously with the historicity problem: the question of whether the ethical principles articulated in these texts reflected actual commercial practice or represented aspirational normative ideals that diverged significantly from the reality of ancient Indian markets. The Arthashastra's elaborate punishment schedules for commercial fraud, for example, might be read as evidence either of the texts' effective deterrence of malpractice or, conversely, as evidence of the prevalence of the very malpractices they condemn.

Scholarly opinion on the historical implementation of Arthashastra provisions is divided. Patrick Olivelle's authoritative translation (2013) [49] notes the significant gap between normative prescription and historical practice, cautioning against naive readings of classical texts as historical documents. Romila Thapar and other historians of ancient India have emphasised the complex social realities behind the ideological formulations of the Dharmashastras, noting that actual commercial practice was shaped by a complex interplay of local custom, market conditions, and political power that the texts' prescriptive idealism frequently obscured.

10.2 The Varna System: Social Justice Critique:

The embedding of commercial ethics within the varna system raises serious questions from the perspective of social justice that responsible scholarship cannot evade. The varna system, whatever its philosophical origins as a functional taxonomy, operated in historical practice as a system of hereditary stratification that imposed severe disabilities on those classified as Shudras and excluded entirely those designated as untouchable from the formal commercial and ritual economy. The Vaishya Dharma's ethical provisions applied, in their classical formulation, to a commercially privileged class whose position was maintained in part through the exploitation of those below them in the social hierarchy.

B.R. Ambedkar's sustained critique of the varna system as a framework of social oppression cannot be dismissed as historically peripheral; it represents an essential corrective to any uncritical celebration of classical commercial ethics. A responsible engagement with the ancient framework must acknowledge both its sophisticated articulation of commercial virtue and its complicity in social structures that denied the full benefits of dharmic commerce to vast sections of the population. The contemporary application of classical business ethics principles must be accompanied by an explicit commitment to inclusivity and social justice that the classical texts themselves, in their social context, did not always embody.

10.3 The Risk of Selective Appropriation:

Management scholars and business educators who draw on classical Indian texts in developing ethical frameworks face the risk of selective appropriation — extracting philosophically attractive principles while ignoring the full complexity of the source tradition. The Arthashastra is not only a text of commercial ethics; it is also a manual of statecraft that includes provisions for espionage, manipulation, and the strategic use of deception in diplomacy and warfare. Kautilya's famous advocacy of pragmatic

realism in interstate relations cannot be entirely separated from his commercial ethics without distorting both.

Similarly, the Bhagavad Gita's Karma Yoga teaching has been appropriated in some management literature as a framework for disengaging workers from the fruits of their labour in ways that serve managerial rather than worker interests — a reading that contradicts the text's fundamental orientation toward the spiritual liberation of the individual practitioner. Critical scholarly vigilance is required to ensure that classical Indian wisdom is engaged with in its full textual and philosophical complexity rather than reduced to motivational platitudes that serve existing power relations.

11. CONCLUSION: ANCIENT WISDOM FOR CONTEMPORARY BUSINESS CULTURE :

This research paper has undertaken a systematic investigation of Vaishya Dharma and mercantile ethics as articulated in classical Indian texts, tracing their philosophical foundations, practical prescriptions, and contemporary relevance across seven analytical chapters. The paper's central argument — that ancient India developed a sophisticated, integrated framework for commercial ethics that remains relevantly generative for contemporary business culture — has been supported through textual analysis, historical contextualisation, philosophical exposition, and critical evaluation.

The classical Indian framework offers several distinctive contributions to contemporary business ethics discourse. First, its philosophical architecture — the Purusharthas, with their integration of moral duty, material prosperity, human desire, and spiritual liberation — provides a comprehensive account of human flourishing that situates commercial activity within a larger horizon of meaning and purpose rather than treating profit as a self-sufficient end. Second, its practical prescriptions — on transparency, fair measurement, consumer protection, worker welfare, wealth distribution, and environmental stewardship — map with remarkable fidelity onto the concerns of contemporary CSR and stakeholder theory. Third, its psychological sophistication — most evident in the Karma Yoga framework's account of detached, duty-driven action — offers resources for developing ethical leadership dispositions that are resilient to the burnout, moral disengagement, and short-termism that afflict contemporary corporate cultures.

At the same time, the paper has engaged seriously with the limitations and contestations that responsible scholarship requires: the gap between normative prescription and historical practice, the social justice critique of the varna framework, and the risk of selective appropriation. These critical reflections are not reasons to abandon engagement with the classical tradition but to engage with it more rigorously and more honestly.

The implications for management education are substantial. Indian business schools — and business schools globally with significant Indian student populations — have a particular opportunity and responsibility to integrate Indian Knowledge Systems into their ethics curricula in ways that are philosophically rigorous, historically informed, critically aware, and practically actionable. The ancient wisdom is not a museum piece; it is a living intellectual tradition capable of generating genuine insight into the most pressing challenges of contemporary business life.

The Arthashastra's conclusion resonates across the centuries: 'In the happiness of his subjects lies the king's happiness; in their welfare his welfare; he shall not consider as good only that which pleases him but treat as beneficial to him whatever pleases his subjects.' Replace 'king' with 'CEO' and 'subjects' with 'stakeholders,' and the ancient wisdom speaks directly to the defining corporate governance challenge of our time. Prosperity follows when duty guides profit — not the other way around.

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