



# INDIA: LOSING GUILDS, LOSING THE INDUSTRIAL RACE

*The raging unemployment crescendo in contemporary India is attributed to the systemic lack of industrial jobs in the manufacturing sector. Some Eurocentric scholars regard Hindu socio-cultural values, institutions and clergy (Brahmins) as anathema to economic and industrial development. If it is so then how did India a millennium back in 1000 AD as the Golden Bird had a share of about 30%<sup>1</sup> in World GDP\* that dwindled to 4.2% \*on India's Independence? Did India fail to take policy leaf out from the ancient India Statecraft for creating a conducive ecosystem for 'mass manufacturing jobs' in modern India?*

Did Hindu ideals or life goal orientations (*Dharma, Artha, Kama, and Moksha*) straitjackets development of entrepreneurial spirit, innovations and curtailed attainment of economic prosperity for India bequeathed by the industrial revolution in the West?

According to Eurocentric scholars, the class that also includes some Indian scholars, the three principal culprits are religious doctrines that value renunciation (*tyaga*), contentment (*santosh*), predestination, caste (*jati*) and clerical (*brahminical*) orthodoxy.

The political and socio-economic institutions in ancient and medieval society were bequeathed by underpinning cultural-religious values. So taking first things first, the Eurocentric perspective fails to look beyond the Oriental charm especially in the context of Hinduism. Notwithstanding the spiritual undercurrent, Hinduism is fundamentally hinged on materialism and celebrates these-worldly pleasures. The credence to this is the celebrated *Gita*, which builds on *karamsu kausalam* i.e. excellence in works, *Arthashastra* (the science of wealth), *Tantra, Lokayata* (the sect of people), *Kamasutra* (text on love and sexuality), *Ananga Ranga* (stage of love), etc.

In *Srimad Bhagvata* (4.25.38) the qualities of a desirable man extolled to King Puranjana are-a wise one who excels in contemporary and spiritual knowledge is innovative and also adept in female sexuality (*ratijnam*) and one lacking in all these, are foolish and beasts.

In the Hindu way of living, the pursuit of *Artha* and *Kama* was expected to be hemmed by *Dharma*. This was necessary for exercise unbridled craving for worldly pleasures that may instigate injustice, deceit, anger and unwarranted violence in the journey of individual life through different stages. *Dharma* here refers to both moral universalism and moral particularism (*swadharm*) that anchors human life for the highest good. The whole pantheon of Gods in Hindu mythology Kamadeva, Rati, Viswakarma, Twastar, Kubera, Lakshmi, etc. are ordained to develop, motivate and foster innovations and materialistic attainments in human life. Interestingly, the most recent manifestation of this is the news of consecration of 'Corona Devi' idol in a temple in Coimbatore to protect people and their loved ones from the deadly disease ravaging the nation-young and old, rich and poor.

## **Shrenis-the turbochargers of the Golden Bird**

In ancient India, one of the socio-economic institutional manifestations of materialism in the Hindu doctrines was the emergence of *Shrenis* (Guilds) that predated Gautam Buddha (480-400BC). The *Shrenis* turbocharged ancient India's prosperity with autonomous, decentralized, and innovative manufacturing and commerce arrangements. *Arthashastra* regarded Guilds force or *Shrenibala* as a pivotal organ of the six-fold army of the King.

The *Shrenis* with their insignia, flags, coins, seals also enjoyed the liberty of arranging for their own safety. They even invited Kings who in turn used to deposit money with the Guilds and were paid handsome interests on them. The *Shrenis* in return earned not only whopping investments for manufacturing, but also political prestige from the royal deposits. The Guilds apart from the ordinary court of justice in mercantile matters also acted as Banks of public deposit for common people. The competition among Guilds to attract maximum deposits from both elites and laity and mutual lending among themselves provided almost pure competition benefits to depositors who used to earn to the tune of 15 per cent typical rate of interest. The huge capital with Guilds optimized with the *laissez-faire* policy of Kings and provided the momentous impetus to manufacturing and commerce in India that earned it the sobriquet of 'the golden bird'.

## **Political turmoil and weakening of Shrenis**

The political upheaval that followed the death of Harsha and the period of invasion from 700 AD onwards that culminated with the establishment of Sultanate rule in 1206 AD led to the fossilization of Guilds into castes and subcastes. The economic cooperation among *Shrenis* withered away because they lost status as Banks of royalty. This was primarily because Islamic law prohibited earning of interest (*riba*) on deposits. The public deposits too dwindled owing to disruption of trade and commerce due to political upheavals and the epoch of horrendous periodic misfortune of famines that largely sapped humans and humanity in India after the 10th Century AD.

## **Shrenis as springboard of subcaste crystallization**

The early medieval period witnessed acceleration in the crystallization of castes and subcastes from the *Shrenis* such as oilmen, artisans, moneylenders, betel sellers, traders, weavers, etc. This was mainly to ensure political and economic security to the members in periods of political and economic pandemonium. This stymied professional flexibility existed earlier owing to flourishing manufacturing and vibrant trade links due to great demand for Indian goods in the overseas markets of Europe and Central Asia through the artery of commercial prosperity - the fabled silk route.

In the pre-sultanate era, *Shrenis* needed greater trained manpower and so were quite liberal in including new members from other *Shrenis*. They nurtured novices/new entrants with necessary financial help and induction training to equip them with basic skills and knowledge of enterprise including *Shrenidharma*. The transformation of *shrenis* as castes and subcastes with endogamy as a pivotal and universal feature further stonewalled the institution. This is also substantiated in a 2016 study by the National Institute of Biomedical Genomics (NIBMG) Kalyani, West Bengal, where the researchers by looking at the block length of ancestral genes pinpointed the era when endogamy in Hindu society began to emerge as a central feature that prevented the mixing of varnas. The epoch of caste as an endogamous dominant institution started sporadically in the 5th AD and accelerated with political and economic turmoil after 800 AD and almost crystallized in the medieval period barring a mixing of forest-dwelling tribes that ended a couple of centuries back.

Further, the withdrawal of state legitimacy to *Shrenis* to arrange for their own safety and to act as an ordinary court of justice dealt a blow to their prestige. The regressive outlook and political upheaval in medieval India led to falling in India's share of Global GDP from almost 30% at the end of the first millennium in 1000 AD to 25% during Akbar rule which was marked by greater political stability and consensual administration.

### **Guilds - receding in India and their emergence in Europe as an engine of Industrial revolution**

It is unfortunate to note that when the Guilds as an engine of economic and social prosperity in India were gasping for life, Guilds in the Middle East and Europe were at the formative and fragmented stage. The Guilds in Europe turned out to be the nucleus of the industrial and technological revolution.

In Europe, the Great Divergence resulted in the technological and industrial revolution in the traditional social fabric of pre-industrial Europe where rights and liberties were extended to groups, estates and other corporate identities rather than to individual citizens. The group and estate based rights in Europe, Japan and elsewhere with prohibitions to inter-group mobility were similar to caste-based rights in India. It will be interesting to note that in England the birthplace of the Industrial revolution, the adult franchise to all women was granted in 1928.

### **Catalyst of the entrepreneurial growth in modern India-caste associations**

The various studies of entrepreneurial growth in India by prominent sociologists like Milton Singer, Edward Shils, Helen Lamb points to the adaptive and fluid character of traditional institutions like castes (*jatis*), extended families and kinship. Helen Lamb observes that "One is puzzled by the apparent contradiction between the hierarchical view of society as contained in Indian caste and the vigour of Indian trading community".<sup>2</sup>





Caste associations were instrumental for seed money, investment and savings in the developmental phase of enterprises. The new entrepreneurs in British Raj had not emerged from traditional merchant castes or hereditarily rich. Bengalis, Parsis, and Gujaratis emerged as industrial entrepreneurs and began to catch up with the British entrepreneurs at the dawn of the 20th century. This was especially in shipbuilding, locomotives, colliery, Iron and steelworks, hydroelectric works, cotton textile industries, etc.

### **Clergy (Brahmins) and social reforms**

Clergy (Brahmins), the socio-cultural elite among Hindus were not mere cultural transmission belts of alleged 'ossified' cultural values and principles rather they equally spearheaded the *Bhakti* movement. The *Bhakti* movement can be labelled as 'proletarianisation of Hindu culture' that advocated the message of egalitarianism, truth, non-violence and devotion among the masses.

The malleability was historical because the advent of Islamic rule dealt a deadly blow to the status privileges of *Brahmins* who were still smouldering in the ideological heat and concomitant cultural dominance of Buddhism and Jainism till the 8th century.

Edward Shils, an eminent sociologist, observes that Brahmins have been forerunners of westernization in India. In British India, the English educated Brahmins were at the vanguard of radical social reforms movements - Brahmo Samaj in Bengal, Prarthana Samaj in Maharashtra, Veda Samaj in Madras, Arya Samaj in North-West India that effectively fought horrendous social evils like *sati*, infanticide, slavery, untouchability, the familial abdication of widows, etc.<sup>3</sup>

### **Colonialism - the death knell for manufacturing in India**

'Colonialism' significantly contributed to the decimation of the manufacturing sector and jobs in India. This was primarily because the promotion and perpetuation of colonial rule necessitated the introduction of toxic ideological, administrative and economic structures. This was indispensable to disrupt, destroy, and decimate the innovative spirit, native pride, industrial and commercial arrangement of the captured colony. It propelled pauperization and traditionalization-ideological, political and economic of masses in colonies like India.

In 1820 India's share of Global GDP further slide to 18.1% and finally, the nadir was when the British left India in 1947 around which it was merely around 4.2%. One is sadly reminded of Sir Philips Francis, a leading member of Bengal council who chided and lamented, "the white collectors are not much honest than black ones..it makes a wide difference to Bengal whether embezzlement are committed by Natives, who keep the produce of their roguery in the country, or by Europeans who carry it away."<sup>4</sup>

### **Post-Independence-debilitating socialist hangover**

Independent India lacked a congenial atmosphere for the mass manufacturing sector with socialist hangover lingering even in the communist countries. This was in sharp contrast to the socio-economic legacy of the land where rulers uninhibitedly promoted *Shrenis* - the powerhouse of manufacturing jobs through *laissez-faire* policy and huge capital for their development.



Surprisingly, even after elapse of two decades of gaining Independence in 1967, Indian policymakers were sceptical over the creation of the Association of Southeast Asian Nations (ASEAN) and pooh-poohed its idea of the paradigm shift in industrialization strategy from import substitution to export orientation. The revised strategy by ASEAN nations enabled tapping the 'comparative advantage' of these nations in the international trade. This heralded the emergence of Asian Tigers in the 1980s riding on the burgeoning manufacturing jobs in the labour-intensive industries that transformed the destiny of these nations and their citizens in a span of two generations. Belatedly, India under the visionary leadership of Shri P.V.Narasimha Rao in 1991 courageously cut the Gordian knot and heralded economic liberalization.

**Post Script-** The author often wonders, if there had been an Indian equivalent of Meiji rule of Japan which under the aegis of Bunmei kaika (Civilization and Enlightenment) pioneered industrialization and modernization of Japan through Iwakura mission of Japan in 1871, it must have been Maharaja Sayaji Rao III (1875-1939) of Baroda. Maharaja Sayaji Rao III similarly attempted that apart from radical social changes also sponsored scholarships to brilliant students including underprivileged ones for elite universities of England and USA and one among whom was prodigious Dr B. R. Ambedkar.

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(The author is a public servant and the author of *Ethics, Integrity and Aptitude in Governance* published by SAGE Publications, 2018. Views are strictly personal to the author)