

## **Institution of Labour Unions : Backbone of Ancient Indian Economy**

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*Ancient Indian labour unions were large scale corporate institutions passing through various stages of development and finally reaching a stage where they were rightly called the backbone of Indian economy. Their genesis and growth are the subject of great importance for analyzing the economic environment of the era. The proficiency attained by the Indian artisans and the widespread commercial links of our traders popularized the Indian goods all over the world filling both the state exchequer and guilds' own coffers. The taxes levied on guilds were the chief source of income for the state. Hence due to their strong financial position the guilds gradually became the backbone of Indian economy. They were not only the centre of business activities only also served as bankers and money lenders giving loans and receiving deposits. Moreover guilds performed public welfare works as part of their philanthropic duties. Their administrative, judicial and military strength enhanced their socio-political status increasing the amount of value assigned to them. The officials of guilds enjoyed the confidence of kings who treated*

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*them as close friends or family members. The state made it a practice not to ignore the customs and traditions of guilds, for the fear of annoying. The Favorable attitude of state and support of high officials created a conducive atmosphere for professional growth of corporate institutions. The highly efficient unions utilized the opportunity and led the country to the path of economic development.*

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India, a land of ancient culture and civilization, is universally acclaimed for its ideology, wisdom and knowledge. Whenever the world refers to our glorious past, it talks about Indian philosophy, mythology, scriptures, knowledge of Divine and the principles of Satya and Ahimsa, leaving the impression that India was nothing but a land of sages and philosophers. For a long period of time scholars were persistently planting the idea of Indians' indifference towards material world and their inclination towards supreme consciousness. The perception is attractive but biased. We represent a culture that believes in four Purusharthas as four pillars of life foreseeing their value for a healthy and prosperous social development and four Ashramas specifying the particular duty assigned for particular age group. The search for Supreme Being was the duty assigned to the vanprasthis and sanyasis while the grihasthas were supposed to feed their families and society with rightfully earned anna and to maintain a disciplined life and righteous vision. Vedas, Upanishads, Aranyakas, Dharmshastras, Puranas exhibit our spiritual journey conveying the idea of constant growth in the direction of divine. Also there is no denying the fact that since time immemorial Dharma was our guiding light illumining our society and culture. However Dharma was propagated not for renouncing worldly life, but for making it more purposeful and meaningful. Our earliest books of knowledge - The Great Vedas - are action oriented, acknowledging the value of worldly affairs without intermingling material needs with spiritual growth. The equilibrium between the two is the key of balanced development of a society. With the passage of time State and society flourished giving new dimensions to socio-economic ideology without disturbing the concept of Dharma. The Dharma of state and society bound them to provide fair chance of progress to all the sections of society. At the time of economic development there is always a possibility of exploitation of vulnerable section. To safeguard their interests, institution of labour unions was developed in ancient India. Arth, being one of the Purusharthas, was given great importance provided the source of income is dharmasangat (as approved by dharma). The workforce i.e. the artisans, labourers and

traders were the pivot of economic environment. No society can survive if its workforce is not disciplined, dedicated, hardworking and above all financially satisfied. The ancient unions looked after the material needs of its members by providing them respectable means of livelihood and controlled them by examining the enforcement of right conduct by them.

The purpose of writing this research paper is to study the genesis and growth of ancient unions of labourers and traders. A deep study of their rules and regulations, policies and practices, guidelines and procedures will provide an insight about their role as patrons of their respective community and as champions of new era of economic development. It will also be in the fitness of things to evaluate that how far the unions effected the economic and political environment of their times.

Our ancestors' belief in strength of unity (*samghe Shakti kaliyuge*) reflects their intention of designing a society possessing mutual cooperation and association. The earlier part of Vedic era was devoid of disparity and discrimination, nourishing a feeling of equality among all the sections of society. Absence of complex socio-economic environment displays the presence of a simple and uncomplicated society where use of currency and burden of taxes was minimal. Therefore elaborate guild system did not exist during that period but idea of working together was initiated in the society.<sup>1</sup> The term *shreni* meaning 'row' was used in the Rig Veda communicating the Vedic vision of 'people working together in a group just as the swans swim in a row'.<sup>2</sup> With the passage of time hereditary system of occupation came into existence along with the progression of *varna* system, contrasting the Rig Vedic system where the members of same family belonged to separate *varnas* on the basis of their respective professions. The newly changing scenario developed strong professional ties where people engaged in same occupation were now more close to each other resulting in the strengthening of mutual connection. The settled and stratified society with strong commercial combinations played a vital role in the economic development of the age. Numerous arts and crafts with concerned occupational castes evolved in the later Vedic period and enthusiastically protected the interests of their community. *Brihadaranyaka Upanishad* refers to *ganashah* known for possessing a natural instinct of organizing themselves for the purpose of acquiring wealth.<sup>3</sup> *Aitareya Brahmana* speaks of *shreshthi*, the headman of guild, as a person of prominence

who obliged people with draught.<sup>4</sup> The name Shreshthi or shraishya, attributed to them itself shows the position of superiority enjoyed by them. Recognizing their status they were invited to the royal court on important occasions. According to the epic Ramayan after the death of king Dashrath his son Bharat was requested to present himself in the royal court for coronation ceremony where all important people and heads of the guilds were waiting for him.<sup>5</sup> When prince Bharat went to the forest to convince his elder brother Ram for returning to Ayodhya the chief of the guilds of smiths, potters, weavers, dyers, masons, bamboo workers, washer man, ivory workers and scent sellers etc. accompanied him.<sup>6</sup> When finally the coronation ceremony was performed after Ram's return from exile guilds' headmen were invited with Brahmanas and ministers to attend the function.<sup>7</sup> The epic Mahabharat also reveals their value while narrating an incident where Duryodhan, after being defeated in a battle, was ashamed of going back to his capital for the fear of facing the headmen of guilds.<sup>8</sup> With the growing importance of industry and trade and manifold development of economic life, the guilds became so important that the kings were unwilling to displease them. Therefore it was more beneficial to work as a member of an organized body than working on individual basis as unions provided added advantage of collective strength upgrading social and economic status of its members. The epic Mahabharata enjoined upon the king not to levy heavy taxes upon the guilds as their displeasure can prove disastrous for the state. A piece of advice in the epic that states that one should try to sow the seeds of dissension among the guilds for conquering a kingdom<sup>9</sup> explains their position of prominence.

With the passage of time the growing proficiency of Indian craftsmen enhanced the quality of their products expediting the economic growth. Indian commodities were gaining popularity all over the world giving rise to trade activities resultantly developing and stabilizing the guilds. The quality of Indian goods was drawing foreign gold and silver towards India, filling the state coffers and enriching the artisans and traders also. Guilds, being the centre of commercial activities, became the backbone of Indian economy. Acknowledging their value they were allotted separate dwelling area by the state.<sup>10</sup> that must have provided the guilds a strong sense of unity, increasing their mutual bonding and socio-political worth. The Jatakas mention a separate village of potters,<sup>11</sup> a bazaar of ivory workers in the city of Banaras,<sup>12</sup> and the cooks' quarter in Savatthi.<sup>13</sup>

Localization of occupation was an added advantage for the craftsmen and traders who were already affiliated with fellow members due heredity of profession. Their common interests could be secured only when they stood united. With the support of their collective strength the guild members could compel the government to grant them additional benefits. The state wanted to keep them in good humour for the fear of losing them.<sup>14</sup> Samudra Vanija Jataka gives an account of one such incident where thousands of carpenters and their families abandoned their town near Varanasi, leaving for a distant island. To avoid such mass migration state avoided any confrontation with the guilds. The 'superintendent of accounts' was specially instructed during Mauryan age to register the customs, traditions and transactions of guilds in the prescribed register.<sup>15</sup> It was the duty of Mauryan bureaucracy to see that their administrative decisions may not offend the guilds. Favorable attitude of the state made the working conditions for guilds more agreeable in comparison to that of individual craftsmen and artisans. While framing rules for labourers and traders, state kept in mind their collective strength and the democratic framework of their organization. Arthashastra clearly mentions that If the individual worker did not complete his work within the stipulated time of agreement he should be punished as per state laws while as members of guilds he could be provided additional time of seven days. However the state did not want the guilds to become unruly and unmanageable. Hence it asked the guilds to frame their own rules<sup>16</sup> and keep a check on their members. Specifying one such rule Kautilya says that a healthy person leaving his company without the completion of his assigned work was liable to a fine of twelve panas.<sup>17</sup> Further he says that any person neglecting his work would be treated leniently on first occurrence and be given work again but habitual wrongdoer would be expelled and condemned.<sup>18</sup> It was compulsory for the members of guilds to divide their work and earnings equally among themselves if such a division did not violate its usage. Division of work and fair distribution of income gave equal opportunity of growth to all. Rules thus framed must have helped in developing professionalism amongst the guild members resulting in further expansion of their business and making the guilds the chief source of income for the state. The Arthashastra counts the taxes collected from guilds as most significant source of revenue.<sup>19</sup> The guilds were rich enough to possess gold articles, draught animals and landed property.<sup>20</sup> In the days of acute financial



crises the state sometimes borrowed money from the guilds in form of gold bars or gold coins.<sup>21</sup> The wealth and prosperity of guilds enhanced their value increasing the status of their officials who now maintained a voice in the important matters of state. They were in close proximity with the king, developing relations with him to a personal level. According to a Jataka story a king, wishing to give up the world, was pleaded to stay by his family members, commander in chief and setthi.<sup>22</sup> Setthi was the banker and treasurer of the guild who functioned mainly in big cities. He was either elected by the guilds members or appointed by the king and continued to hold his position throughout his life. Following his death, his successor stepped into his place with the approval of the king. There is a reference to as setthi of Shravasti named Anand whose son Mulashri was deputed by the king as nagar-setthi following his father's death.<sup>23</sup> However if the successor was not efficient enough to do justice to his post, he was replaced by any other worthy aspirants.<sup>24</sup> The position and prosperity of nagar-setthi provided him the opportunity to live in the royal palace and receive king's special favour. Once a nagar setthi fell seriously ill, the king arranged for royal physician for his treatment on the request of the guild members. A huge fee of 200000 kahapanas was paid to the physician.<sup>25</sup> The capacity to approach royal physician and pay his fees reveals the influence and prosperity of guild officials.

Unlimited power to corporate bodies was always a cause of concern for the state as they were capable of becoming centre of power. There was a possibility of misuse of position if they were not kept under constant check. To avoid any trouble from guilds, state appointed an official named Bhandagarika, a position as important as that of commander in chief. Nigrodh Jataka states that the king of Magadh once offered the post of commander in chief to a pottica but on his refusal of holding the post he was offered the post of Bhandagarika, whose duty was to control and supervise the affairs of guilds. It seems that the post of Bhandagarika did not exist prior to sixth century B.C, but with the initiation of new age of development the king exercised regulatory role in the matters of autonomous organizations, therefore the office continued to exist thereafter.<sup>26</sup> Bhandagarika carried on the dual responsibility of treasurer and judge, supervising the deposits of guilds in state treasury and administering the disputes. It is thus very obvious that by the Buddhist period guilds became the centre of commercial activities giving rise to possibility of litigations and encroachment on public

money. Recognizing their value the state utilized their expertise for overall growth of economy but restrained an unreasonable increase in their power. The officers of the guilds were closely associated with the kings. The Suchi Jataka speaks of a guild of smiths whose Jetthka was the favorite of the king.<sup>27</sup> They were so faithful and worthy that Dhananjaya sent some Jetthkas to accompany his daughter Visakha to her father in law's place for handling an unpleasant situation.<sup>28</sup> However the cordiality of relations between the guild chiefs and kings does not rule out the possibility of conflict of interests between the two. Kautilya advised the kings to see that the heads of guilds may not unite against him and if such a situation arose the king should follow the principle of divide and rule applying the theory of sam, dam, danda and bheda against them. He repeatedly illustrated the art of controlling the unchaste chiefs either by framing criminal charges against them or by bringing about quarrels within the guild<sup>29</sup> or by winning the support of guild members by giving them gifts. Guilds being highly democratic organizations, the members enjoyed the authority of inflicting punishment on the officials of guilds. Specified norms were formed that were to be followed by the members and officials alike. The chiefs of corporations possessed certain powers but it was incumbent upon them to be virtuous and chaste for winning the favour of the members. Their egalitarianism, affluence and proficiency strengthened their position transforming them into being the backbone of Indian economic structure and hence showering upon them numerous duties and rights.

Along with the task of dispensing commercial responsibilities guilds were also functioning as multipurpose organizations managing multifarious duties. The corporate bodies were entitled to lay down their own laws and set up their own courts, settling cases in the light of their specific rules based on traditions and customs of their community.<sup>30</sup> It helped them to look after the interests of their members by creating conducive atmosphere for them. As the members of guilds the workers were protected and pampered by their leaders and supported by fellow members in case of any dispute or disagreement with the employer. No one but the leaders of guild had the authority to administer the affairs of guilds. At times they went out of the way to safeguard their interests but some other times they were extremely strict with the members. Once a woman thief requested the guild to grant her permission of joining the Buddhist church as a nun, but the guild did not oblige her.<sup>31</sup> They were the

upholders of social norms and maintained discipline and order in the guilds by settling disputes between the members and their wives.<sup>32</sup> Harmonious and favorable atmosphere at home could bring success at professional front. Therefore the leaders of guild considered it their duty to settle familial issues of their members.

According to one reference the approval of the guilds had to be secured for the ordination of the wife of any of its members.<sup>33</sup> Majjhima Nikaya also refers to the judicial authority of the guilds to decide their own cases.<sup>34</sup> The Ubatoghatta Jataka refers to a headman of guild who imposed fine on a fisherman's wife for kicking up a row. He ordered to beat her till she paid the fine.<sup>35</sup> Nature of punishment makes it clear that her offence was intolerable for the headman. Disputes and quarrels in the family may prove harmful not only for the family and society but also for professional growth. The unhealthy atmosphere would tend to demoralize the workers and the negativity thus created would mitigate their working potential. The guild officials were not ready to accept such lawlessness. However the state was impartial enough to give every individual the opportunity to have fair chances of justice. The guild members could file an appeal in the king's court against the judgment of their leaders. The king had the authority to change the decision if it is unjust but only after carefully scrutinizing the laws of caste, guild and family<sup>36</sup> as violation of their laws could annoy them that would result in the disruption of economic growth of country. In spite of their favoured position the guilds were not allowed to take undue advantage of their preeminence. Ancient lawgiver Manu was firm in laying down rules when he advises that if a member of a guild, living in a village or district, subscribes to an agreement on oath and then violates it due to greed, the king should turn him out of his kingdom.<sup>37</sup> The ancient records clearly show that guilds were authorized to intervene in the litigations that influence or tended to influence the professional work of their members but they could not supersede or challenge the authority of the king. Apart from their judicial authority their administrative rights were not questioned as long as the king was satisfied with their working. Several seals and coins carrying the names of various guilds points to the fact that guilds were allowed to issue their own coins and seals.<sup>38</sup> This special power and rarely found privilege might be the result of the nature of work that was extending their authority and strengthening their position as an important section of society. Impressed by their wealth, efficiency and honesty,



the state attributed to them the additional responsibility of functioning as bankers, giving loans and receiving deposits. They received deposits of public money and paid interests on it. They also provided loans from their savings and recalled them when needed.

Their large property, vast commercial connections and valuable banking activities made them indispensable part of economic life of the period. The money deposited with the guilds was an asset to the king not only for boosting state economy but also for discharging social, philanthropic and charitable duties. State made it mandatory for the corporate organizations to discharge public welfare duties as part of their work. Planting trees, digging wells, constructing roads and rendering assistance to the victims of natural calamities were their responsibility. A passage in a Jataka speaks of a village of thirty families attending to their humanitarian duties along with Bodhisattva. They were appreciated for removing stones from the village roads and highways, felling trees whose branches could hit the axles of passing chariots, constructing causeways and digging water tanks.<sup>39</sup> They took care not only of the common material needs of the people but also of their spiritual needs by building temples and halls. They distributed gifts among those intending to perform religious rites and made arrangements for cremation of poor. The homeless strangers were provided shelter and looked after by guilds. All these welfare works fell within the duties of guilds. For proper compliance of the duties, they had to enter into an agreement ensuring the discharging of public duties without fail. A violation of the agreement would bring severe penalties such as imposition of heavy fines or confiscation of property or banishment from state. According to Kautilya a person accused of non cooperation in joint working of an irrigation project should be penalized by bearing the entire expenditure.<sup>40</sup> It goes without saying that guilds had to face similar punishments on neglecting not only irrigation work but any of the welfare works assigned to them. The calculated move of state granted it a seat of authority over the guilds influencing them to share state's financial and social responsibilities. The state and guilds worked together leading the country towards good fortune. Their interdependence worked wonders for ancient India, streaming in prosperity and richness and allowing it to reach to the most deprived section of society in form of welfare works.

The tremendous wealth and large property owned by guilds made them prosperous enough to attract the attention of robbers,

roughs and disbanded soldiers. To protect themselves they maintained enormous military power guarding their organization against the elements encroaching upon their resources. Panini refers to *ayudhjivi samgh* while Kautilya refers to *shreni bala* (guild army).<sup>41</sup> The commander of *shreni*, the *shreni mukhya*, was a decorated officer getting a salary equivalent to the officials of same status.<sup>42</sup> Moreover the soldiers of guild army were also treated as equals enjoying similar status and position as that of state soldiers. State's recognition of their power might have motivated them for fighting with full strength and vigor against state enemies. The self governing guilds initially used their army for guarding only their own properties, treasures and above all their community. However with the passage of time the kings began to use the guild army for confronting a danger directed towards the kingdom from any quarter. The state wanted to keep *shreni bala* under its superintendence and control using them for defensive and offensive purposes as and when required.<sup>43</sup> Their military strength increased their striking power to such an extent that the kings were forced to take strong steps to keep a constant check upon their activities, engaging them in one or other work to prevent them from meddling in the affairs of state. With this object, the king assigned them lands that were always under a threat from the enemy. In spite of the preventive measures there were always a possibility of guilds' rebellion against the state. Guilds, being in the possession of enormous wealth and strong army, could not be ignored or sidelined as due to their numerical strength quelling their revolt could be a tough task.<sup>44</sup> During extremely adverse situation king was advised to arrest their leaders as a measure to control guilds.

Thus we find ample proofs of presence of corporate bodies since Vedic times. The political and economic transformation of India in following centuries encouraged trade and commerce resulting in the progression of guilds. Trade with Roman Empire and South East Asian countries witnessed further expansion of guilds. Agriculture, trade and commerce were largely under the control of state but the power of guilds was never challenged due to their immense contribution towards the economic set up of ancient India. It goes without saying that the ancient state was thoughtful enough to use guilds' wealth for constructive works rather than leaving it in the hands of powerful heads of corporate organizations, who could use it for their personal benefit or misuse it against the state. The wise move of state proved highly beneficial as guilds not only contributed

handsomely in the state income but also rendered assistance to the king in the period of financial distress. So great was their importance that the salary of the chief of guilds was at par with the chief of elephants. Guilds enjoyed all the honours and rights of a popular institution. They played a formidable part in the domestic policies and defense activities of the state. They acted as courts and were acknowledged as champions of religious and charitable works due to their acts of piety. Their contribution for providing political and economic stability to the country cannot be ignored as the state earned not only sizable income from them but depended upon them for administrative and military services. The ancient Indian economic environment was dominated by the multi-functional guilds that were controlling the entire internal and external business. Indian guilds were complex autonomous institutions performing the function of democratic government, court of justice, philanthropic organization and trade union at the same time. They were large scale corporate bodies that passed through various stages of development emerging as most important industrial organization leading the country towards the zenith of economic progress.

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