

## Indian Knowledge System: It's Role in Business Innovation and Economic Growth

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### Abstract

*The Indian Knowledge System is a legacy of wisdom accumulated over generations in the Indian subcontinent and thoughtfully bequeathed to posterity. It offers us illuminating insights into ethical business practices, sustainable economic conduct and community-centric development. Even though these scriptures were written centuries ago, the knowledge within them remains evergreen and still holds global significance, emphasizing how 'alive' the texts and teachings are. Some intellectual personalities like Max Muller (philologist and orientalist, who translated the Vedas), James Mill (historian) and Thomas Babington Macaulay (historian and politician) interpreted the Indian Knowledge System as being limited to spiritual and philosophical realms. However, contrary to their view, the Indian Knowledge System is an intricate repository of traditional knowledge, wisdom, science and even business and economics. The earliest known text on economics and finance, Arthashastra, written by Kautilya (also known as Chanakya), offers valuable insights into how to acquire, manage and protect power and wealth (artha) through practical governance, economic policies and laws that still hold global significance. This study tries to highlight the role of the Indian Knowledge System in business innovation and economic growth through ancient texts and scriptures like Kautilya's Arthashastra, Shukraniti (attributed to Lord Shukryacharya), Brihaspati Smriti (attributed to Lord Brihaspati) and Narada Smriti (attributed to Lord Narada), along with many other ancient Indian texts. It focuses on the universal relevance of the Indian Knowledge System in today's world. This research attempts to clarify how the Indian Knowledge System is not limited or bound to spirituality and philosophy but also includes wider arenas like business, finance and economic growth that are relevant today. Rather than being merely a historical perspective, the Indian Knowledge System is timeless and serves as a perennial guide to modern-day economics.*

**Keywords:** Indian Knowledge System, business innovation, economics, finance, global significance.

### Introduction

Indian Knowledge Systems (IKS) refers to the vast and diverse traditional knowledge developed and evolved in the Indian Subcontinent over thousands of years across fields like mathematics, astronomy, medicine, architecture, linguistics, metallurgy, philosophy, arts, agriculture, and more. Spanning disciplines from medicine to metaphysics, Indian Knowledge Systems have left no edge untouched in their pursuit of understanding the world. It is an interdisciplinary field focused on studying, preserving, and applying this ancient wisdom in modern contexts. The Indian Knowledge System is not limited to just philosophical and spiritual aspects of life, it is a holistic legacy of wisdom that has been passed down through written texts like Vedas, Upanishads or by oral traditions like stories, songs and hymns by our forefathers. For instance, Ayurveda isn't just medicine; it's philosophy, biology, and ethics. It integrates

values like dharma (duty), ahimsa (non-violence), and satya (truth) into all disciplines — be it governance or science. It highlights the importance of peaceful coexistence of humanity and nature.

### Books that explore Economic and Business thought in ancient India

In ancient India, many texts and scriptures explored the idea of business and economic thought that discusses ethical practices, social conduct and governance. Some prominent titles are as follows:

#### Arthashastra by Kautilya (Chanakya)

Arthashastra which translates to Artha (wealth, prosperity, statescraft or power) and Shastra (manual or science) was written in 4<sup>th</sup> century BCE by Chanakya. Written in Sanskrit, the book focuses on economic and political dynamics, military strategies and on statecraft. It was composed some 1500 years before Niccolò Machiavelli's *The Prince*, is still studied in the present day for its rational presentation of statecraft. According to Chanakya, a wise ruler is one who prioritizes the welfare of his subjects over his self interest and follows the path of dharma is prerequisite for the prosperity of the nation. (World History Encyclopaedia)

The book provides the famous Mandala theory. This theory is Kautilya's model of foreign policy and geopolitical strategy. It's based on the idea that a king should view neighbouring states not as friends, but as potential enemies, and allies are more likely to be beyond those neighbours. According to this theory, your neighbour's neighbour is your potential ally.

#### Manusmriti

The Manusmriti, also known as Manava Dharmaśāstra (or Laws of Manu), is traditionally attributed to the sage Manu, considered the first human and lawgiver in Hinduism. The received text dates from Circa 100 CE. (Britannica, 2025). Though it primarily focuses on social, moral, and legal codes of conduct for the smooth functioning of society, it also emphasizes ethical business practices and economic growth. It defines the rules for inheritance, land ownership, and transfer of property, which are crucial for a stable economic system. It also outlines Varna System that creates a division of economic functions between Brahmins, Kshatriyas, Vaishyas, and Shudras. The book also discusses fair trade practices, weights and measures, and interest rates. The shloka in the book,

#### Bahuśākhāṁ bahuvidhāṁ vittotpattim anuttamām |

#### Samikṣya sāmpratāṁ kālāṁ rāṣṭrasyābhyudayaṁ tathā ||

emphasizes that the king (ruler) must assess the economic capacity of his subjects before levying taxes. Taxation should be fair and proportional to the subject's earnings, should reflect justice (dharma), not exploitation and take into account economic diversity (agriculture, trade, etc.) It's an early recognition of progressive taxation and economic justice in governance. (Manusmriti 7.128)

#### Mahabharata

Mahabharata is the longest epic poem ever written, approximately written in the 4th century BCE or earlier by sage Veda Vyasa. The epic has been set out in the Indian subcontinent and surrounding locations. Bhagavada Gita is a part of Mahabharata, appears in the Bhishma Parva (The book of Bhishma). It is a vast and layered epic, packed with everything from ethics and dharma to war strategy, statecraft, economy, and deep philosophy. (Basu, A., & Artist, U. 2025)

In the Shānti Parva, after the war, Bhīṣma (lying on the bed of arrows) instructs Yudhishtira on rājadharmā (king's duty), including: how to levy fair taxes, how to manage treasuries and resources the importance of justice, dharma, and good governance and his views on wealth and charity. This shloka from Shānti Parva,

**Dharma mūlam idam jagat |**  
**Dharmasya mūlam arthaḥ |**  
**Arthasya mūlam kāmaḥ |**  
**Kāmasya mūlam sukham ||**

highlights the interconnected nature of ethics, economy, and well-being. It translates as, "The world rests on dharma; the root of dharma is wealth (artha); the root of wealth is desire (kāma); and the root of desire is happiness (sukha)." This verse tries to tie together the goals of human life (purusharthas) in a cause-effect chain, showing how dharma, artha, kāma, and sukha are interconnected. (Śānti Parva, Mahābhārata)

### **Ramayana**

The Ramayana, also known as Valmiki Ramayana, is traditionally attributed to Valmiki, is a smṛiti text (also described as a Sanskrit epic) from ancient India, one of the two important epics of Hinduism, the other being the Mahabharata. The Ramayana was written 4<sup>th</sup> century BCE by sage Valmiki but even before it existed as hymns and passed down to generations orally. (Ramayana Manas-ULCA)

King Daśaratha's rule is associated with economic prosperity, social harmony, and justice. The idea that rājadharmā leads to economic growth is implied. This echoes the idea that strong institutions, rule of law, and ethical leadership are foundational to economic development, similar to modern institutional economics. On the other hand, Lanka, under Rāvaṇa, is portrayed as opulently wealthy: gold, jewels, advanced architecture, and a powerful navy. Despite this prosperity, it collapses due to adharma (unrighteous rule), making a case for ethical governance as essential to sustainable prosperity. It warns against economic growth detached from dharma, showing how prosperity without ethics leads to collapse. The Ramayana subtly reinforces the idea that wealth without righteousness is unstable. Characters like Bharata and Lakṣmaṇa demonstrate personal sacrifice over material gain, suggesting a value-based approach to economics.

### **Shukra Niti**

Shukra Niti is a sacred text written in Vedic era, attributed to Lord Shukracharya. It provides us with a system of morals that aim to highlight the importance of ethical conduct of power. It is a treatise on government, instructing how to use political theory to uphold morality. However, modern historians claim the composition could date as early as the 4<sup>th</sup> century AD during the Gupta period. (Gopal, 1962).

Shukranīti is a *goldmine* when it comes to ancient Indian ideas on economics, statecraft, and administration. It's a nīti-śāstra — a text of political and moral guidance and it is explicitly focused on governance and wealth management. This shloka from the book,

**Arthasya mūlam rājyaṃ, rājyaṃ mūlam arthaḥ smṛtaḥ |**  
**Arthaḥ pradhānam dharmasya, dharmāḥ kāmasya mūlakam ||**

explicitly underscores a cyclical and interdependent relationship between the state, wealth, righteousness, and desire. (Shukranīti, 1.60)

In the book, Shukracharya advocates for investment in roads, irrigation, forts, and trade routes. Incentives, protection and progressive taxation on farmers and their crops are also highlighted in the text, this aligns with modern ideas of welfare economics and support for primary sectors.

### **Bṛihaspati Smṛiti**

In Hindu mythology, sage Bṛihaspati is considered as the teacher of all Gods. Bṛihaspati Sutras manuscript has been lost over time. However, some of its portions can be found in other Hindu, Buddhist and Jaina scriptures. It is a significant ancient Indian text that delves into various aspects of governance, law, and economics. Although the original manuscript is lost, scholars like K.V. Rangaswami Aiyangar

have reconstructed its content from citations in other texts, offering insights into its economic perspectives. (Brahma)

Bṛihaspati emphasizes the importance of wealth (artha) as the foundation of dharma (righteousness) and kāma (desire), thereby showing how all three are interconnected. He posits that a prosperous state is essential for the sustenance of moral and social order. The Smṛti outlines a comprehensive administrative framework where the state (rāṣṭra) is viewed as an integrated economic system. Bṛhaspati emphasizes the need for a clear economic strategy to ensure the state's perfection and integrity. The text explores the presence and organizational framework of guilds (shrenis), emphasizing their significance within the economic system.

#### **Narada Smṛiti**

Narada Smṛiti, attributed to the sage Narada is a part of the Dharmaśāstras, an Indian literary tradition that serves as a collection of legal maxims relating to the topic of dharma. This text is purely juridical in character in that it focuses solely on procedural and substantive law. It is called the "juridical text par excellence". Though, Narada Smṛiti primarily focuses on jurisprudence, it also offers valuable insights into economic principles and governance.

The book emphasizes infrastructure and public welfare of the rajya (state), Narada emphasizes the king's duty to develop infrastructure and support the populace. Knowledge about fiscal responsibility is also provided in the text. The text advises rulers on prudent fiscal management: "Narada also checks with Yudhishtira whether or not his administrative expenses were about 1/4th, 1/3rd or at worst 1/2 of his income." (Deodhar, 2023)

#### **Krishi Parashara**

Krishi Parashara, attributed to sage Parashara is an ancient text written in Sanskrit that emphasizes the importance of agriculture. While the exact date is uncertain, scholars suggest that the text was composed between the 4th and 11th centuries CE. Regarded as one of the earliest systematic texts on agricultural practices in India, it offers comprehensive insights into farming techniques, tools, and environmental considerations. While primarily focusing on agronomic practices, it also offers valuable insights into the economic thought of ancient India. (SOUL, 2023)

The text underscores agriculture as the cornerstone of the economy, detailing practices for soil preparation, crop rotation, and pest management. This emphasis reflects the recognition of farming as the primary source of livelihood and economic stability in ancient Indian society. The treatise provides guidance on the roles and responsibilities of agricultural workers, indicating an organized approach to labor management. This structured division of labor facilitated efficient farming operations, thereby enhancing economic output.

Many other texts and scriptures like Manuscripts on Varta, Rigveda, Atharvaveda, Thirukkural (by Thiruvalluvar), Yajñavalkya Smṛiti (by Vedic sage Yajñavalkya), Puranas like Agni Purana and Vishnu Purana, Jain Agamas, Buddhist Jatakas and Digha Nikaya etc contribute to ancient economic thought and practice.

#### **India's economic thought through a Global perspective of disbelief**

Throughout history, various foreign scholars and travellers have engaged with ancient Indian knowledge systems (IKS), offering both admiration and critique. Their perspectives, shaped by their cultural backgrounds and the prevailing ideologies of their times, have significantly influenced global understanding of India's intellectual heritage. Many foreigners interpreted Indian texts and scriptures, as



being confined solely to philosophical and spiritual realms. Some prominent historical figures have been given below:

**James Mill (1773 -1836):** James Mill, a Scottish historian and philosopher, authored *The History of British India* (1817), a seminal work that profoundly influenced British colonial policy and perceptions of Indian society. In his book, *History of British India* (1817) he dismissed Indian civilization — including its intellectual and economic traditions, as barbaric and static.

**Thomas Babington Macaulay (1800 -1859):** Thomas Babington Macaulay was a prominent English historian, poet, and Whig politician whose influence on India's educational landscape during the colonial era remains profound and controversial. In 1835, as a member of the Supreme Council of India, Macaulay authored his seminal *Minute on Indian Education* (1835), advocating for a radical shift in educational policy. In his book, he states, “A single shelf of a good European library was worth the whole native literature of India and Arabia.” This shows how the West asserts the superiority of its ideas over Eastern nations.

**Max Weber (1864 -1920):** Max Weber was a pioneering German sociologist, political economist, and historian who significantly influenced the development of modern social sciences. In *The Religion of India* (1916), Weber argued that Hinduism (and by extension Indian philosophy) lacked the rational structure needed to support modern capitalism.

**Max Müller (1823 -1900):** Friedrich Max Müller was a German-born British philologist, Orientalist, and scholar of comparative religion, renowned for his pioneering work in Sanskrit studies and the academic study of Indian religions. He translated many Sanskrit texts, especially the Vedas. He claimed, “The Hindus are so eager to look at the world with a sense of mysticism and religion that they neglected practical, rational, and systematic pursuits like economics and governance.” He tended to underrate the practical sciences in India, suggesting that the Indian mind was not inclined toward material progress.

**Georg Wilhelm Hegel (1770 -1831):** Georg Wilhelm Friedrich Hegel (1770–1831) was a seminal German philosopher and a central figure in German idealism. His comprehensive philosophical system sought to explain the development of reality and human consciousness through a dialectical process. (Encyclopaedia, Britannica, 2025)

In his book, *Philosophy of History* (1837) that was published posthumously he wrote, “The history of India, to put it in one word, is the history of a religion. The Indian people live in a sort of dream, without any real or historical development. In India, there is no history; there is no sense of progress.” In this way, he explicitly denies the legacy of knowledge that Indian subcontinent has provided to the whole world.

Many missionaries saw Indian culture as dominated by idol worship and mysticism, and interpreted texts like Vedas and Upanishads only through a theological lens. This reduced the multidimensional nature of Indian texts that include astronomy, ethics, economics etc. to purely religious or spiritual content.

#### **Nalanda University: An epitome of ancient academic excellence of India**

Nalanda University was one of the world's earliest residential universities, flourishing as a premier centre for Buddhist philosophy, Vedic sciences, medicine, logic, mathematics, astronomy, and alchemy until its decline in the 13th century CE. It was destroyed by Turkic invaders around 1193 CE, and lay buried until excavations in the 19th and 20th centuries uncovered its ruins. Recognizing its outstanding universal value, UNESCO inscribed the Archaeological Site of Nalanda Mahavihāra as a World Heritage Site in 2016. (Unesco World Heritage Centre)

#### **Conclusion**

India, a country rich in heritage and culture, also provides us with wisdom and knowledge of every aspect of human life and even beyond. From metallurgy to economics, spirituality to science, and astronomy to

ethics, Indian Knowledge System has left no stone unturned in the realm of sapience. India's ancient knowledge is not a historical perspective but a living guide for us and generations to come.

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