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Indian Knowledge Systems in Commerce and Management: Indigenous Foundations for Ethical and Sustainable Business

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Abstract

Indian Knowledge Systems (IKS) represent a rich and time-tested body of wisdom encompassing philosophy, economics, governance, ethics, education, and management practices that evolved over thousands of years. Long before the formal emergence of modern management theories, ancient Indian texts and traditions provided sophisticated insights into leadership, organisational structure, trade ethics, wealth creation, stakeholder management, and sustainable economic practices. Classical sources such as the *Arthashastra*, *Manusmriti*, *Dharmashastras*, *Shukraniti*, guild systems (*Shrenis*), and philosophical texts including the *Bhagavad Gita* articulated principles of administration, decision-making, human resource management, and ethical commerce.

This chapter explores the relevance and application of Indian Knowledge Systems in contemporary commerce and management education. It examines indigenous economic thought, business ethics, governance models, leadership philosophies, and organisational practices, highlighting their alignment with modern concepts such as corporate governance, stakeholder theory, sustainability, emotional intelligence, and responsible leadership. By integrating traditional wisdom with contemporary managerial frameworks, the chapter argues for a culturally grounded, ethically robust, and socially responsible approach to management. The discussion contributes to ongoing academic discourse on decolonising management knowledge and repositioning Indian intellectual traditions within global business thought.

Keywords: Indian Knowledge Systems, Commerce, Management Thought, Business Ethics, Arthashastra, Leadership, Sustainable Management, Corporate Governance

Introduction

The study and practice of commerce and management have historically been dominated by Western theories and models developed during the industrial and post-industrial eras. While these frameworks have contributed significantly to

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organisational efficiency and economic growth, they often overlook indigenous knowledge traditions that offer alternative perspectives on leadership, ethics, governance, and human behaviour. In recent years, there has been renewed scholarly and policy-driven interest in Indian Knowledge Systems (IKS) as a means of enriching contemporary education, management practice, and sustainable development strategies.

Indian civilisation has a long-standing tradition of systematic thinking on economic organisation, trade, governance, and managerial conduct. Ancient Indian texts and institutional practices reveal a deep understanding of market regulation, taxation, labour management, risk mitigation, and ethical decision-making. Commerce was never viewed merely as profit-seeking activity but as a social responsibility embedded within *Dharma* (righteous conduct), *Artha* (material prosperity), *Kama* (well-being), and *Moksha* (spiritual liberation).

This chapter situates Indian Knowledge Systems within the domain of commerce and management, demonstrating their relevance to modern business challenges such as ethical crises, governance failures, sustainability concerns, and human capital management. By examining historical foundations and contemporary applications, the chapter highlights how IKS can complement and strengthen modern management education and practice.

Conceptual Foundations of Indian Knowledge Systems in Management

Indian Knowledge Systems are holistic, integrative, and value-oriented. Unlike reductionist approaches, IKS emphasises balance between material success and moral responsibility. The foundational concepts relevant to commerce and management include:

Dharma (Ethical Duty):

Dharma serves as the moral compass guiding economic and managerial actions. Business decisions were expected to align with societal welfare, justice, and ethical conduct.

Artha (Economic Prosperity):

Artha signifies wealth creation through legitimate, productive, and socially beneficial means. Economic activity was encouraged, provided it adhered to ethical norms.

Karma (Action and Accountability):

The principle of karma underscores responsibility, accountability, and long-term consequences of managerial decisions.

Lokasangraha (Welfare of Society):

Management and leadership were viewed as instruments for collective well-being rather than individual gain.

These principles form the ethical and philosophical backbone of Indian approaches to commerce and management.

Ancient Indian Economic and Commercial Thought

Indian economic thought predates many modern economic theories and demonstrates advanced understanding of markets, trade, and public finance.

Trade and Market Regulation

Ancient India had well-organised domestic and international trade networks. The *Arthashastra* details regulations related to pricing, quality control, weights and measures, and prevention of monopolistic practices—concepts comparable to modern competition law and consumer protection.

Guild System (Shrenis)

Guilds functioned as self-regulating business associations managing production standards, wages, training, dispute resolution, and welfare of members. These institutions resemble modern industry associations and cooperatives.

Taxation and Public Finance

Tax systems were designed to be equitable and progressive. Revenue collection was linked to public welfare, infrastructure development, and social security—aligning with contemporary public finance principles.

Risk Management and Insurance

Trade contracts, shared risk arrangements, and collective liability mechanisms highlight early forms of risk management and insurance practices.

Governance and Administrative Excellence: Lessons from Arthashastra

The *Arthashastra* by Kautilya is one of the most comprehensive treatises on governance and management. It provides detailed guidance on administration, organisational structure, leadership conduct, and strategic decision-making.

Leadership and Strategic Management

The ruler (leader) was expected to be disciplined, knowledgeable, ethical, and people-centric. Strategic planning, intelligence gathering, and performance monitoring were emphasised.

Organisational Structure and Control

Clear hierarchies, defined roles, accountability mechanisms, and performance evaluation systems were integral to governance—paralleling modern organisational design.

Anti-Corruption Measures

The text identifies various forms of corruption and prescribes checks, audits, and incentives—anticipating modern corporate governance and compliance frameworks.

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Human Resource Management in Indian Knowledge Systems

Human capital was regarded as a critical asset in ancient Indian management philosophy.

Employee Welfare and Motivation

Fair wages, job security, training, and welfare provisions were considered essential for productivity and loyalty.

Merit-Based Appointments

Selection and promotion were based on competence, integrity, and experience rather than lineage alone.

Leadership Development

Continuous learning, self-discipline, and moral development were prerequisites for leadership roles.

These principles resonate with contemporary human resource management practices focused on engagement, ethics, and leadership development.

Ethical Commerce and Business Conduct

Ethics occupied a central place in Indian commercial traditions.

Fair Trade Practices

Honest pricing, quality assurance, and truthful communication were mandatory. Exploitative practices were discouraged.

Stakeholder Orientation

Businesses were accountable not only to owners but also to employees, customers, society, and the state—aligning with modern stakeholder theory.

Corporate Social Responsibility

Philanthropy, community development, and environmental stewardship were integral to business operations, not peripheral activities.

Indian Knowledge Systems and Contemporary Management Thought

Many principles of IKS align closely with modern management concepts:

- **Transformational Leadership:** Emphasis on values, vision, and moral authority
- **Emotional Intelligence:** Self-awareness, empathy, and emotional regulation stressed in texts like the *Bhagavad Gita*
- **Sustainable Management:** Harmony with nature and long-term thinking
- **Ethical Governance:** Transparency, accountability, and social responsibility

Integrating IKS into management education can foster culturally relevant, ethical, and resilient business leaders.

Relevance of Indian Knowledge Systems in Modern Commerce Education

Incorporating IKS into commerce and management curricula offers multiple benefits:

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- Contextual learning rooted in Indian socio-economic realities
 - Ethical grounding in decision-making
 - Indigenous perspectives on entrepreneurship and innovation
 - Balanced approach to profit, people, and planet

Such integration supports national initiatives aimed at promoting indigenous knowledge and self-reliant development.

Challenges in Integrating IKS with Modern Management

Despite its relevance, integration faces challenges:

- Perception of IKS as philosophical rather than practical
- Lack of systematic documentation and empirical studies
- Over-Westernisation of management education
- Need for interdisciplinary research and pedagogy

Addressing these challenges requires academic rigour, curriculum innovation, and institutional support.

Future Pathways for Indian Knowledge Systems in Management

- Development of IKS-based case studies
- Comparative research with global management theories
- Inclusion in business ethics, leadership, and governance courses
- Application in policy-making, entrepreneurship, and corporate governance

A balanced synthesis of tradition and modernity can strengthen India's management thought leadership globally.

Conclusion

Indian Knowledge Systems offer a profound, ethical, and holistic foundation for commerce and management. Far from being outdated, these traditions provide timeless insights into leadership, governance, human resource management, and sustainable economic practices. By integrating indigenous wisdom with contemporary managerial frameworks, businesses and institutions can address ethical challenges, enhance stakeholder trust, and promote long-term sustainability. Repositioning Indian Knowledge Systems within mainstream commerce and management discourse is not only an academic imperative but also a strategic necessity for inclusive and responsible economic development.

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