

Role Of Buddhism In The Revival Of 2nd Phase Of Urbanisation And Trade In Ancient India

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Abstract

Buddhism played a significant role in the re-emergence of urbanization and trade in ancient India. Following the decline of the Indus Valley Civilization (1st phase of urbanisation) and ruralization, the emergence of Buddhism in the 6th century BCE contributed significantly to economic resurgence (Revival of progressive trade) and urban renewal (2nd Phase of urbanisation). The monastic order established by the Buddha's sangha revived old trade routes and also established new ones, supporting the flow of goods, people, capital, and ideas between surplus and deficit regions. Buddhist monasteries (viharas) became economic hubs, supporting traders/merchants and pilgrims. D.D. Kosambi highlighted how viharas, besides being spiritual upliftment centers, also acted as a major consumers of goods and even provided capital to traders/merchants. Numerous Archaeological evidence, such as Roman amphorae at Devnimori and distillation apparatus at Pushkalavati, indicates vihara's role in trade. Buddhism's liberal and democratic social framework, as noted by H.P. Ray made it more guilds-friendly than Brahmanism. Balkrishna Govind Gokhale argues that early Buddhism thrived due to urbanization and commerce, particularly in cities like Savatthi, Rajagaha, and Kosambi. These urban centers, with merchant/traders shrenis-guilds and punch marked and metallic coin-based transaction system, provided a base for Buddhist growth.

However, once land-based and monarchy-dominated feudalism was introduced it resulted in the decline of urbanism and commerce which doomed the fate of Buddhism. The Buddha's frequent preaching in cities (Savatthi (Shravasti, Uttar Pradesh) was the most cited city (593 times), a major trade hub supported by Anathapindika. Rajagaha (Rajgir, Bihar), capital of Magadha, was mentioned 140 times and patronized by King Bimbisara. Kapilavatthu (Kapilvastu, Nepal/Uttar Pradesh), Buddha's birthplace, had limited trade significance. Vesali (Vaishali, Bihar) was a major trade and political center. Kosambi (Kosam, Prayagraj, Uttar Pradesh) connected Kosala and Magadha, mentioned 15 times. Ujjeni (Ujjain, Madhya Pradesh), a vital trade route, was home to key disciples. Campa (Champa, Bhagalpur, Bihar), a commercial city, traded with the Malayan Peninsula) rather than villages reflects the religion's deep connection with commercial life. Buddhism's role in trade extended beyond India through the Silk Road and maritime routes, linking it with China (Dunhuang), Southeast Asia (Angkor, Borobudur), Sri Lanka (Anuradhapura), Central Asia (Bamiyan, Samarkand), Persia, and East Asia (Nara, Gyeongju).

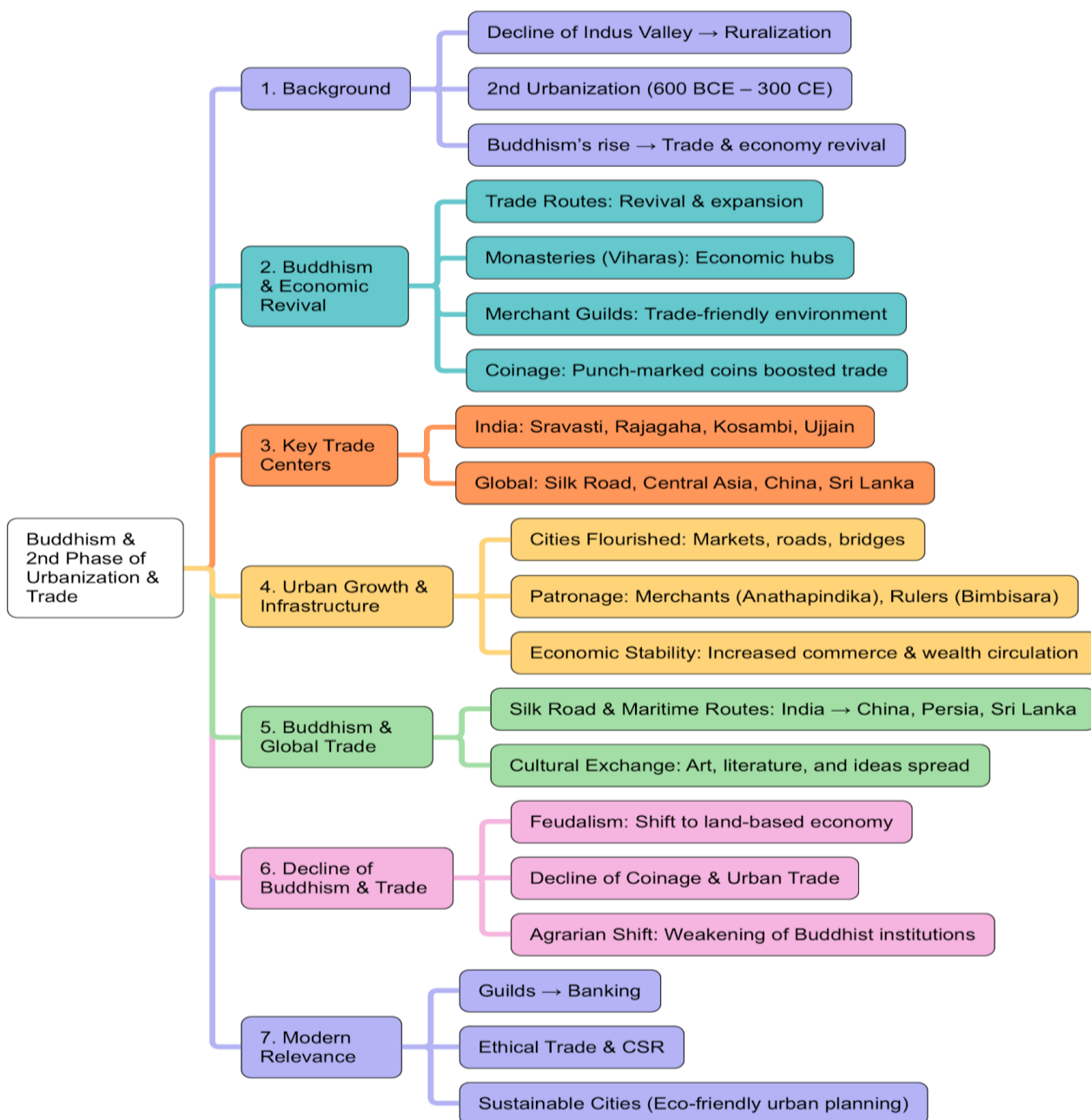
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Introduction

Buddhism played a key role in the re-emergence of urbanization and trade during the second phase of urbanization in ancient India (circa 600 BCE – 300 CE). This period eye-witnessed a gradual and reformative shift trace predominantly from rural establishments to ever growing urban settlements, witnessed by

increasing economic activities and long-distance trade. Unlike the earlier Vedic (both early and later vedic period) economy,

which was known for its agrarian communities and elaborate and costly sacrificial rituals, Buddhism revived economic activities through its association with commerce, merchant guilds, and trade networks. Cities such as Sravasti/Rajagaha/Kosambi and Ujjeni became main commercial centers, attracting merchants/guilds/shrenis, bankers, and artisans from different parts of the Indian subcontinent. These urban centers succeeded largely due to their strategic locations lying in the path of key trade routes along with the patronage of wealthy merchants (adopted Buddhism), such as Anathapindika of Sravasti, who was one of the Buddha's most prominent supporters (Gokhale, 1982).



Buddhist viharas functioned not only as spiritual upliftment centers but also as economic centers that supported trade and commerce. Monasteries/Viharas provided shelter to traveling pilgrims (merchants), facilitated economic exchanges, and accumulated surplus revenue through donations (dana) from rulers and businessmen. Inscriptions found on numerous sites such as Sanchi, Bharhut, and Amaravati establish a clear relationship that guilds of weavers, potters, and metalworkers positively contributed to Buddhist culture, proving that Buddhism was associated with the economic (commercial activities) (Ray, 1986). The large-scale patronage to Buddhism provided by numerous patrons helps in establishing stability, security and logistical support along trade routes to merchants and traders in the whole of Indian subcontinent and beyond.

Buddhism exported beyond India, helps in establishing Inter-continental trade relations such as the Silk Road (Both Land and Maritime trade routes). The spread of Buddhist beliefs and art to Central Asia, China, and Southeast Asia was closely associated with economic growth, with merchants/traders carrying spiritual texts, relics, and other cultural influences along-side their goods. Inscriptions found in caves like Karle and Nasik reveal the assistance made by merchants/traders and bankers in financing Buddhist structures, supporting the financial role of the religion (Thapar, 2002). The circulation of Buddhist Era coins under rulers such as Ashoka (3rd century BCE) and Kanishka (2nd century CE) further exemplifies Buddhism's integration into financial policies. Ashoka's proclamations highlight a focus on trade, economic welfare, and ethical governance, while Kanishka's patronage of Mahayana Buddhism assisted commercial relations between India and the Greco-Roman world (Singh, 2008).

Despite its large-scale influence on trade and urbanization, Buddhism began to decline with the rise of feudalism after the Maurya Empire's fall in 185 BCE. As agrarian-based economies attained prominence, land grants to Brahmanas and rural elites shifted economic power away from Buddhist merchants and urban rulers. The deterioration of coin-based commerce further downgraded Buddhist monastic institutions, which depended heavily on economic donations from traders. The feudalization of both the state and the Buddhist Sangha pointed out the extinction of Buddhism's prominent role in trade and urban growth in India, leading to its eventual deterioration (Sharma, 1983).

Buddhism's inheritance in the economic and urban history of ancient India is apparent in archaeological remains, inscriptions, and historical texts, indicating how religious movements can impact economic transformations. The synergy between Buddhist monastic institutions, merchant guilds, and trade networks played a substantial role in shaping India's economic dimensions, leaving an interminable influence on regional and global commerce.

Economic Conditions and Urbanisation Leading to the Emergence of Buddhism

The origin of Buddhism in the 6th century BCE coincided with a transformative era in ancient India, characterized by rapid economic shifts and the rise of urban centers. The proliferation of iron tools led to a histrionic increase in agrarian productivity, which created

excess wealth and promoted trade. As per historian Romila Thapar (2002), the development of agriculture furnished the foundation for economic growth, allowing excess goods to be exchanged in newly emerging markets. This period also saw the growth of coinage, driven by the availability of silver and copper, which simplified trade and encouraged commercial transactions beyond the regional barter system (Gokhale, 1982). Major cities such as Rajagaha (modern Rajgir), Savatthi, and Ujjeni became bustling saleable hubs, tempting traders, artisans, and financiers. These cities, indexed into commercial, administrative, tribal, and

transportation hubs, constructed a dynamic network advocating long-distance trade across the globe (Chakrabarti, 2001).

Nevertheless, this economic growth was not without challenges. The Brahmanical social structure levied strict varna-based constraints, limiting access to economic opportunities for particular sections of society, comprising traders and lower castes. The Vedic religious system focused on costly sacrificial rituals, which were costly and unavailable to the growing urban merchant class. As emphasized by Kosambi (1956), this created resentment, especially amongst the traders and guilds who aspired to an ethical and reasonable philosophy that aligned with their economic activities. The emergence of Buddhism furnished a timely alternative, presenting a system that stressed ethical living, non-violence, and economic fairness without rigid caste-based constraints. The urban population, particularly merchants and artisans, found Buddhism demanding as it endorsed values of diligence, self-discipline, and economic self-reliance, laying the foundation for a more inclusive and holistic economic and urban order.

Buddhism as an Alternative Framework for Economic and Urban Growth

The emergence of Buddhism equipped a much-needed ideological transition that catered to the economic and urban aspirations of ancient India. Unlike the Brahmanical system, which was heavily dependent on expensive sacrifices and priestly dominance, Buddhism facilitated a pragmatic strategy for wealth accumulation, trade, and urbanization. The teachings of the Buddha denied caste-based economic restrictions and rather emphasized individual excellence, ethical commerce, and moral duty in business dealings. According to historian

R.S. Sharma (1983), this egalitarian strategy resonated with the growing merchant class, who were previously marginalized within the rigid Vedic order. The Buddhist idea of right livelihood (*sammā ājīva*) from the Eightfold Path motivated honest trade and economic self-sufficiency, making it highly suitable for traders and artisans.

Buddhist monasteries, or *vihāras*, played a vital role in economic activities, functioning as centers of trade, banking, and even industry. Well-known traders and guilds, such as those led by Anathapindika in Savatthi, sponsored monastic institutions, which in turn furnished lodging and logistical aid to traveling merchants (Gokhale, 1982). These monasteries also operated as economic hubs where surplus agricultural produce was kept and redistributed, further integrating Buddhist principles with economic pragmatism. The Silk Road, which became a prominent trade artery between India, Central Asia, and China, was heavily influenced by Buddhist institutions that stimulated commercial exchanges and cultural interactions (Liu, 2010).

Moreover, Buddhism's ethical strategy to wealth underlined responsible economic behavior, assuring that trade and commerce were performed with fairness and without any exploitation. This attracted merchants, artisans, and even rulers, who saw Buddhism as a stabilizing force that nurtured economic prosperity. Notably, King Bimbisara of Magadha and his heir Ajatasattu sponsored Buddhist economic policies, fostering a trade-friendly environment (Thapar, 2002). This era glimpsed a shift from ceremonial wealth consumption towards formative investment in urban infrastructure, leading to the development of well-planned cities and marketplaces. The synergy between Buddhist teachings and economic growth establish the foundation for sustained urbanization during this period.

Pre-Buddhist Economic Structures and the Need for Change

Before Buddhism's rise, the economic edifice of ancient India was overwhelmed by the Brahmanical system, which placed a serious emphasis on agrarian society and ritual sacrifices. The economy was largely rural, with small settlements relying on localized barter systems. Although early trade routes existed, commercial activities were largely governed by the upper varnas order, especially the Brahmins and Kshatriyas. The introduction of coinage was sluggish, and financial transactions were mainly carried out through barter or commodity (Kosambi, 1956). Additionally, the dominant religious doctrine facilitated yajnas (sacrificial rituals), which were costly and diverted resources away from productive activities such as trade and urban development.

The repressive and exploitative caste system further stifled economic growth by occupational mobility. Vaishyas (merchants) and Shudras (laborers) had limited access to economic advancement, as capital accumulation was often correlated to religious excellence rather than entrepreneurial skill. This economic development led to social unrest, particularly among traders and artisans, who strived for a more adaptable and inclusive economic system. The rise of urban centers like Savatthi, Rajagaha, and Kosambi constructed a demand for a new economic order that could accommodate trade, banking, and commerce beyond the stringent Vedic framework (Chakrabarti, 2001).

Buddhism delivered a solution by supporting a reasonable approach to wealth generation, free from ritualistic constraints. The Buddha's teachings motivated economic self-sufficiency, emphasizing that wealth should be attained through ethical means and utilized for the welfare of society. This was a stark withdrawal from the Brahmanical tradition, where capital was largely amassed through land grants and religious endowments. The Buddhist approach stimulated active trade, facilitated investment in urban infrastructure, and provided merchants with an ethical framework that aligned with their economic aspirations. This transformation commemorated the advent of a second phase of urbanization, where cities became dynamic centers of trade and philosophical exchange.

Economic and Urban Changes After the Spread of Buddhism——

The spread of Buddhism had a deep impact on the economic and urban landscape of ancient India. One of the largely evident changes was the development of trade networks, both within the subcontinent and beyond. The Buddhist emphasis on non-violence and ethical commerce constructed a helping environment for trade, leading to boosted economic activity. Cities such as Pataliputra, Taxila, and Ujjain became major commercial hubs, attracting merchants from as far as Central Asia, Persia, and Southeast Asia (Liu, 2010). The growth of the Silk Road and maritime trade routes further promoted the exchange of goods, ideas, and cultural influences.

Buddhist monasteries rose up as economic centers, functioning as banks, warehouses, and rest stops for traders. These organizations managed agricultural lands, collected donations, and even provided loans to merchants, acting as early financial institutions. The introduction of punch-marked coins, initially issued by guilds and later embraced by political rulers, further stimulated commercial transactions (Gokhale, 1982). The deterioration of ritualistic sacrifices also redirected wealth towards public infrastructure, including roads, bridges, and market spaces, enriching urban connectivity.

Another important change was the democratization of economic opportunities. Buddhism's contradiction of caste-based regulations permitted individuals from diverse backgrounds to take part in trade and commerce. Women, in particular, found greater economic agency through Buddhist institutions, with figures like Visakha,

a wealthy merchant woman, playing a well-known role in economic affairs. This inclusive approach contributed to the flourishing of guild-based trade, where collective economic activities superseded hereditary occupations. Buddhism's influence on urban planning was also noticeable in the layout of cities, which now included monasteries, public rest houses (sarais), and organized marketplaces. The economic prosperity generated by this phase of urbanization laid the foundation for the Maurya and Gupta periods, which noticed further advancements in trade, architecture, and social organization. The Buddhist economic model delivered a sustainable framework for urban growth, emphasizing ethical wealth creation, social welfare, and economic inclusivity.

Traces of Economic Systems from Buddha's Time and Their Contemporary Relevance

The economic systems that came up during the time of the Buddha continue to hold relevance in contemporary economic practices. The function of merchant guilds (śreṇis) in controlling trade and providing financial services can be seen as a prototype to modern banking and corporate structures (Sharma, 1983). These guilds acted as self-regulated trade associations, offering credit, formalizing product quality, and resolving disputes among merchants. Today, modern financial institutions, such as cooperative societies and microfinance institutions, follow identical principles by providing financial security and facilitating economic inclusivity.

Additionally, Buddhist monasteries played a significant role in economic activities, managing land grants, allocating resources, and serving as resting places for traders. These institutions can be likened to contemporary trade hubs, economic think tanks, and even public-private partnerships that stimulate economic development. The idea of ethical trade, a core Buddhist economic principle, finds resonance in today's Corporate Social Responsibility (CSR) frameworks, where businesses prioritize ethical sourcing, fair wages, and environmental sustainability (ex - Sustainable development goals).

The Silk Road, which blossomed under Buddhist patronage, set the foundation for modern international trade. The interconnected networks that Buddhism facilitated in ancient times resemble today's global supply chains and trade consensus. Similarly, the Buddhist approach to sustainable development, which underlined non-exploitation of resources, aligns with modern-day environmental policies aimed at attaining economic growth without damaging natural environments (Liu, 2010).

Despite these likenesses, many economic challenges today—such as wealth disparity, financial exclusion, and unethical business practices—deviate from Buddhist economic ideals. The shift from community-based economic welfare to profit-driven capitalism has concocted cases of labor exploitation and economic inequality, highlighting the need to reconsider Buddhist economic teachings for a more balanced and sustainable approach.

Contemporary Economic Challenges and Their Connection to Buddhist Economic Thought—

The global economy today encounters numerous challenges, comprising wealth inequality, unsustainable industrialization, and financial instability. While ancient Buddhist economies underlined ethical trade, fair labor practices, and wealth distribution, modern capitalist systems usually prioritize profits over social welfare. The concentration of wealth among a small elite, as seen in contemporary economies, contradicts Buddhist principles of unbiased wealth distribution (Harvey, 2013). In contrast, ancient Buddhist economies exhorted the circulation of wealth through dana (charitable giving), ensuring that economic advantages must reach out to all sections of society.

Another central challenge is unsustainable economic growth. Ancient Buddhist economies prioritized balanced economic development, emphasizing moderation and the avoidance of excess. Today, industries exploit natural resources at an alarming rate, leading to climate change, environmental degradation, and resource depletion. Buddhist teachings on right livelihood (*sammā ājīva*) indicate an alternative approach where businesses operate ethically, ensuring minimal environmental harm while still facilitating prosperity.

The issue of labor exploitation is another pressing challenge. Ancient Buddhist texts emphasized fair wages and ethical working conditions. The Jataka stories provide examples where kings and merchants are instructed to treat workers with respect and provide just compensation. In contrast, modern economic systems often notice exploitative labor conditions, especially in developing countries where employees are underpaid and overworked. Buddhist economic principles advocate for a humane capitalism model where economic growth is linked with human dignity and well-being (Schumacher, 1973).

Lastly, financial crises and debt dependency emphasize the drawbacks of modern banking systems. Ancient Buddhist economies flourished on self-sufficiency and low-debt economic standards. Today, global economies depend heavily on credit and debt, often leading to financial instability. A return to Buddhist financial principles, such as ethical lending and community-driven financial support, can help mitigate the negative consequences of disproportionate debt-driven economies.

Challenges in Urbanization Patterns in the Contemporary World

Urbanization in the contemporary world has heeded towards a trajectory that differs sharply with the Buddhist-influenced urban centers of ancient India. While ancient Buddhist cities were schemed with sustainability, economic inclusivity, and community welfare in mind, modern urbanization often prioritizes quick expansion, leading to overcrowding, pollution, and economic discrepancy (Chakrabarti, 2001). The unplanned urban sprawl glimpsed in major global cities today has resulted in inferior infrastructure, traffic congestion, and a deterioration in the quality of life for urban populations.

Ancient cities like Savatthi, Rajagaha, and Kosambi were planned around economic and social hubs, comprising monasteries, trade centers, and administrative offices. These cities acted efficiently because they integrated religious, commercial, and administrative activities, assuring balanced urban growth. In contrast, modern cities often suffer from impoverished zoning policies, leading to economic hubs being disconnected from residential areas, thereby increasing commuting time and diminishing productivity.

Another substantial challenge in modern urbanization is social imbalance. While ancient Buddhist cities stimulated economic inclusivity, modern urban areas exhibit stark disparities between affluent neighborhoods and underdeveloped slums. The economic model of Buddhist urbanization focused on community-driven growth, where wealth was shared among all urban inhabitants, rather than being focused in specific sectors. Today, urban poverty stays a major challenge, with millions of people living in informal settlements without access to fundamental amenities.

Environmental degradation is another pressing concern. Ancient Buddhist cities emphasized harmony with nature, assimilating parks, water reservoirs, and sustainable architecture. Today, rapid industrialization has led to deforestation, air pollution, and climate-related challenges. The lack of green spaces and poor waste management systems have made modern cities more vulnerable to environmental disasters (especially due to anthropogenic factors). Revisiting Buddhist urban principles, such as sustainable architecture, water conservation, and eco-friendly urban planning, could offer answers to many of these issues.

Applying Buddhist Teachings to Solve Economic and Urbanization Challenges Today

Buddhism delivers valuable insights for countering the economic and urbanization challenges encountered by contemporary societies. The principle of right livelihood (*sammā ājīva*) can be used to facilitate ethical business practices, assuring that industries and corporations prioritize social responsibility over mere profit-making. Companies today can carry out Buddhist corporate ethics by adopting fair trade policies, sustainable sourcing, and ethical investment practices (Harvey, 2013).

Buddhist principles of moderation and ethical wealth distribution can also help address the issue of wealth inequality. Ancient Buddhist communities functioned on a system of *dana* (charitable giving), where the wealthy contributed to the welfare of society. Governments today can enforce progressive taxation, universal basic income, and social welfare programs to ensure economic stability and inclusivity. For example The progressive income tax system

charges higher tax rates on higher earners, with the top slab at 30% for incomes above ₹15 lakh. While India hasn't fully enforced UBI, schemes like PM-KISAN provide direct cash transfers to farmers, and Sikkim once proposed a state-level UBI. Social welfare programs like MGNREGA ensure 100 days of rural employment, PDS provides subsidized food grains, Ayushman Bharat offers free health insurance, and the Mid-Day Meal Scheme improves nutrition for schoolchildren. These initiatives help reduce inequality and uplift vulnerable sections of the society.

In terms of urban planning, Buddhist-inspired sustainable cities can focus on eco-friendly architecture, efficient public transport, and community-based living spaces. Modern urban planners can learn from ancient Buddhist cities, which emphasized congruous development, assuring that residential, commercial, and religious spaces were well-integrated. Green spaces, rainwater harvesting, and sustainable waste management can be integrated into urban development agendas.

The Buddhist concept of minimalism can also help address cases of overconsumption and resource depletion. Stimulating a lifestyle of simplicity and sustainability, as advocated in Buddhist teachings, can lead to responsible consumerism, reduced environmental impact, and sustainable economic development. For example India ranked 126th in the 2024 World Happiness Report, significantly lower than Bhutan (95th), highlighting the contrast between India's GDP-focused growth and Bhutan's Gross National Happiness (GNH) approach to well-being, this instance offer a contemporary example of implying Buddhist economic principles to national development. By integrating Buddhist teachings into contemporary economic policies and urban planning techniques , societies can attain a more equitable, sustainable, and ethical economic and urban future.

Way Forward: Integrating Buddhist Economic and Urban Principles for a Sustainable Future

The teachings of the Buddha offer timeless insight that can be applied to modern economic and urban challenges. By focusing on ethical wealth creation, sustainable urbanization, and community welfare, societies can accomplish long-term prosperity without compromising social and environmental well-being. Governments, businesses, and policymakers can integrate Buddhist economic values by prioritizing inclusive development, ethical trade practices, and sustainable resource management.

Looking forward, embracing Buddhist-inspired urban models that integrate eco-friendly infrastructure, economic inclusivity, and community-based planning can help build resilient cities that prioritize human well-being over profit-driven expansion. If societies embrace these teachings, they can build economic and urban

systems that are not only profitable but also just, sustainable, and aligned with the ethical principles of Buddhism.

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