

Methods of wealth accumulation of traditional trading community in India Vs Modern World

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Abstract - In India most of the businesses are family-owned businesses of communities, the study is find if there are any laws of Wealth accumulation that our traditional trading community followed to make them strong, why Birlas, Tatas, Jains, Guptas, Jews in west and some of our other trading communities are strong enough to make name in World.

There are people who have risen and become rich instead of their community, what is it that makes a person's wealth creation method different from wealth creation in a family-owned business within a community.

Index Terms - Indian traditional communities, personal value, laws of wealth.

INTRODUCTION

In the last decade India has shown the moving towards the fastest growing economies, thanks to its strong trading communities. India embodies entrepreneurs coming from several communities like Bania's, Marwari's, Chettiar's, Gujarati, Punjabis, Sindhi's, Boharie's, Shetty's, Parsi's have been very prominent Indian entrepreneurial communities who have established their benchmark. Each community has its own environment which may affect the way its member think, feel, and interact socially. In India, a few communities with trading, money lending & financing background dominated in entrepreneurship. These communities collectively controlled 62 of the 100 largest companies in 1989 as per a study, where most of them were family businesses.

OBJECTIVE OF THE STUDY

- a. The objective of the study is to list out the ways and means by which our traditional trading community have been accumulating wealth.

- b. Are they following any form of law of wealth accumulation in trading communities?
- c. Compare same with Modern Methods of wealth creation and see the strengths and weaknesses of both.
- d. This paper tries to identify what is the specialty about these established entrepreneurial communities?
- e. What triggers them to become successful entrepreneur, so that other upcoming communities can learn a lesson from these traditional entrepreneurial communities?

METHOD OF STUDY

The study is based on secondary data review and is a post facto study.

Role of Personal values In Wealth accumulation:

Understanding personal values as drivers behind businessman's choice of success criteria has importance on health, well-being and profit. Values regulate and guide human behavior and action in our day-to-day life. Values are embedded in every word we select and speak, what we were, way in which we interact, our perception and interpretation of other reactions in what we are, say and or so on. Values have selective or directional quality. Researcher with Vitell et. al., in their study concluded that personal characteristics (values and beliefs) play an important role in ethical decision making in business. Another researchers with Vinson et. al., analyzing the role of personal values in marketing and consumer behavior explained the personal values in different point of views.

Values direct our thoughts and action. Researcher Rokeach defined values as, "multifaceted standards that guide conduct in a variety of ways."

Traditional laws of wealth accumulation in Indian business communities:

On studying secondary data on Indian community laws on traditional laws of Indian Business community on how to make wealth, following laws were found:

1st Law of Wealth Creation:

It says to accumulate wealth the one has to be attractive, in whatever field of work one does. It says that everything that comes to into our life has been attracted by us. There are three different ways to attract:

- a. Thro image in our mind.
- b. Statements that we make.
- c. Emotion and feeling that we have in our body.

Thoughts become things and Outlook becomes Out comes.

E.g. Indra Nooyi, who once headed the mighty MNC Pepsi, once in an interview at Opra Whinfry show said that from her childhood days she was groomed to be President, her mother and she use to play a game where she had to role play a President of a country named by her mother.

2nd Law of Wealth Creation:

If you want to become rich, you must never work for money, instead the money should work for you, i.e. law of leveraging, competence and replication.

If one leverages money by investing in business, markets to get better returns. Time value of money through compounding gives limited returns, more one can earn by investing in ventures and taking risk.

Competence and effort go together as a person's competence increases so does his effort to gain money reduces. The person with competence does not require effort in making money and effortless after some time.

Replication of any one model of making money can generate more money, i.e. the idea to scale up, makes money. Replication can be from rent one receives, royalty one gets from brand, Sign or patent, Rights to property and return on investment.

E.g. Coca Cola when invented was sold as fountain coke only and was not much successful, till a person gave consultancy on a Million dollar to Coke Owner that to make the product successful he needs to bottle it and then sell across the world.

3rd Law of Wealth Creation:

When a person passion meets profession, money can materialize, i.e. to say find a job you love and you will never work in life. Passion for a profession can come from family trade also, hence most family ventures in traditional business communities of India are successful.

Modern laws of wealth creation:

The following laws were published in 1977 in 'Seven laws of Money' by Mike Phillips. Mike, a Bank of America banker:

1. Do it right! Money will come when you are doing the right thing. The first law is the hardest for most people to accept and is the source of the most distress. The clearest translation of this in terms of personal advice is "go ahead and do what you want to do." Worry about your ability to do it and competence to do it, but certainly do not worry about the money.
2. Money has its own rules: records, budgets, savings, and borrowing. The rules of money are probably Ben Franklin-type rules, such as never squander it, do not be a spendthrift, be very careful, you have to account for what you're doing, you must keep track of it, and you can never ignore what happens to money.
3. Money is a dream - a fantasy as alluring as the Pied Piper. Money is very much a state of mind. It's much like the states of consciousness that you see on an acid trip. It is fantasy in itself, purely a dream. People who go after it as though it were real and tangible, say a person who is trying to earn a hundred- thousand dollars, orient their lives and end up in such a way as to have been significantly changed simply to have reached that goal. They become part of that object and since the object is a dream (a mirage) they become quite different from what they set out to be.
4. Money is a nightmare - in jail, robbery, fears of poverty. 80% or more are people who are unable to deal with money if they have it. Money is also a nightmare when looked at from the opposite perspective - from the point of view of people who have inherited a lot of money. The western dream is to have a lot of money, and then you can lead a life of leisure and happiness. Nothing in my experience could be further from the truth.
5. You can never give money away. Looked at over a period of time, money flows in certain channels,

like electricity through wires. The wires define the relationship, and the flow is the significant thing to look at. The fifth law of money suggests that by looking at the gift in a larger or longer-term perspective, we will see that it is part of a two-way flow.

6. You can never really receive money as a gift. Money is either borrowed or lent or possibly invested. It is never given or received without those concepts implicit in it. Giving money requires some payment; if it is not repaid the nightmare elements enter into it. A gift of money is really a contract; it is really a repayable loan, and it requires performance and an accounting of performance that is satisfactory to the giver.
7. There are worlds without money. They are the worlds of art, poetry, music, dance, sex, etc. the essentials of human life. The seventh law is like a star that is your guide. You know that you cannot live on the star; it is not physically a part of your life, but rather an aid to orientation. You are not going to reach this star, but in some sense neither are you going to reach your destination without it to guide you.

Another researcher under Ballantyne. C. have given following laws on wealth accumulation.

1. The Law of Implementation: To create real wealth, education is only the first step. Without implementation education becomes a perverse form of procrastination that will turn you into an “underachieving high-achiever”...someone who ‘knows’ how to get to the next level, but simply can’t seem to do it.
2. The Law of Problem Solving: If you want to make real wealth and create systems and businesses that generate consistent and predictable cash on command, you need to help people solve real problems.
3. The Law of Relationship: Money is nothing more than a tool. It’s not ‘good’. It’s not ‘bad’. It’s not the root of all evil or the cause of all your misery. It is nothing more than a medium of exchange between two parties. It’s a tool the same way a shovel, or a hammer, or an axe are tools. And when you reframe your relationship with money and realize the fault lies with the person wielding the tool (ie, you), not the tool itself, everything will change.

4. The Law of Generosity: What it says is that no matter how big or small, you must find a way to start giving back. No matter where you are right now, someone else has it worse and you can afford to donate 5-15% of your take home income to charities, causes, and individuals you believe in. I do not know why it happens, but I can promise you that, if you will do this consistently with appreciation instead of expectation, money will start to come into your life in ways you cannot expect.

Another group of researchers under group erupting mind have given laws on wealth, as follows:

1. The Law of Cause & Effect: The law of cause-and-effect states that everything happens for a reason because there is a cause for every effect. This is an extremely simple principle to understand, as it states that rich people are rich because they do things which make them rich, and poor people are poor because they do things which make them poor. For example, a rich person may focus their efforts on accumulating assets, such as precious metals like gold and silver which increase in value over time. Whilst poor people focus their efforts on accumulating liabilities, such as expensive electronic goods or flash cars that decrease in value over time.
2. The Law of Belief: The law of belief states that whatever you believe in with feeling ultimately becomes the reality in which you will live. This law also states that you always act in a way that is consistent with your beliefs, especially, those which you have about yourself. The beliefs you have about money act like filters in your brain. They allow you to see what you believe in, and hide from you the things which you do not believe in. This in turn influences the type of actions you take, and therefore, the amount of money that you are likely to make.
3. The Law of Expectations: The law of expectations is strongly influenced by the previous law, the law of belief, because it states that whatever you expect to happen in your life eventually becomes your own self-fulfilling prophecy. This means that you are always acting as your own fortune teller by the way that you think and talk about how things are going to turn out. When you expect good things to happen to you, good things usually

do happen. When you expect bad things to happen to you, bad things usually happen.

4. **The Law of Attraction:** The law of attraction states that you attract into your life the people, circumstances and events that are aligned with your dominant thoughts. In other words, the law of attraction states that the life you are living today is a reflection of the thoughts that you have had in the past. Therefore, according to this law, if you are able to change your thoughts you will be able to change your life. If you think rich, then chances are that one day you will become rich, because you will start to attract the things into your life that will help you to make money rather than lose it.
5. **The Law of Correspondence:** The law of correspondence states that your outer world is a reflection of your inner world and corresponds with your dominant thoughts. This law explains most of the reasons why people become successful or unsuccessful, are happy or unhappy, or are wealthy or poor. Their outer world reflects their most dominant inner thoughts. If you want to improve the results you are getting in the outside world, you first need to change the thoughts that you have in your internal world.
6. **The Law of Abundance:** The law of abundance states that we live in an abundant universe in which there is plenty of money available for anyone who wants it, that is of course, providing that you are willing to do what it takes to earn that money. In today's digital age the law of abundance has become more relevant than ever, as now, most of the money in the world exists only in the digital realm as numbers on a computer screen.
7. **The Law of Exchange:** The law of exchange states that money is a medium through which people exchange their labour in the production of goods and services for the goods and services of others. In other words, this law states that people receive an income for doing or producing something that other people value and are willing to pay for.
8. **The Law of Capital:** The law of capital states that your most valuable asset in terms of cash flow, is your physical and mental capital. You are earning ability. If you are able to apply your earning ability to the production of valuable goods and services, you will have enough money to do all the

things you want in life. The amount of money you earn today is therefore a direct measure of the extent to which you have developed your earning ability. The higher your earning ability is, the more money you are likely to be making. How much time you put into something largely determines your earning ability. If you have poor time management skills, for example, and so end up wasting your time on unproductive tasks, your time will not be worth very much at all.

9. **The Law of Conservation:** The law of conservation states that it is not how much money you make which determines your financial future, but rather, how much of your money you are able to keep. There are many people, for example, who make a lot of money over the course of their working life but because they do not manage their money well and spend it needlessly, they retire broke and poor.
On the other hand, there are people who do not make much money, but because they use their money wisely and save it, they are able to retire extremely wealthy and spend the rest of their days in comfort.
10. **Parkinson's Law:** Out of all the 20 laws of money, Parkinson's Law is one of the most important to understand in terms of your long-term financial future.
This law simply states that as your income increases so do your expenses and helps to explain why so many people retire poor despite earning a good salary throughout the course of their working life. You can probably find evidence of Parkinson's Law in your own life, as today you are most likely earning many times more than what you were at your first job.
Yet, despite this pay increase, there always seems to be a need to spend every penny that you have in order to support your current lifestyle. In order to become financially independent, you must make a conscious effort to break Parkinson's Law.
This is done by developing enough willpower to resist the urge to spend everything you earn and developing the discipline to save that money instead.
11. **The Law of Time Perspective:** The law of time perspective states that the people who become most successful in life are those who look at

things from a long term rather than short term time perspective.

You can see evidence of this law all around you, as the people at the bottom end of society tend to be focused only on short term immediate gratification.

12. The Law of Saving: If you wish to become financially successful in life, then you absolutely must develop the habit of saving your money on a regular basis.

The more money that you are able to save today, the more financially secure your future will be. As a result, the less you will have to worry about having enough money to survive on or having enough money to buy the things that you want and need in life.

One of the easiest ways to begin saving your money is to pay yourself first. This simply involves taking a portion of your income each month and putting it into a savings account before you do anything else with your money.

13. The Law of Three: Financial independence comes from engaging in activities that will create long term financial stability and security. Without either of these, you put yourself at risk of losing all that you have worked so hard for.

To achieve stability and security, you must make an effort to maintain the correct proportions of your finances in three critical areas: savings, insurance and investments. This is the law of three. You should therefore resolve to have at least six months' worth of income saved in an emergency fund, which you only draw upon when your regular source of income has been cut off.

Having an emergency fund will allow you to maintain your current standard of living, whilst at the same allowing you to find another source of income.

14. The Law of Investing: The law of investing states that you should spend as much time studying a particular investment option as you do earn the money that you will put into that investment.

Any investment option you look into should therefore be done with extreme care, and never rushed into. One of the simplest principles that will virtually ensure your long-term financial security is to never lose money.

The money that you currently have is a result of all the hours, weeks and years of your life that you have put into earning that amount.

Your money is therefore a part of your life and should be held onto tightly, because once it is gone, it's gone for good.

15. The Law of Compound Interest: Compound interest is a type of interest that builds interest upon interest already earned.

If you leave your money collecting compound interest for long enough, such as over the course of your working life, even a small amount of money can turn into a significant amount. The rule of 72

The rule of 72 is a simple rule that you can use to determine how long it will take for your money to double at a given rate of interest.

To work this out, you just divide the interest rate you are getting into the number 72. For example, if you are getting 5% interest on your investment, then $72/5=14$.

16. The Law of Accumulation: The law of accumulation states that financial security and success come from making lots of small efforts and sacrifices, most of which, no one will ever see or appreciate.

In order to begin the process of accumulation, you must be able to discipline yourself to do what you know you should do whether you feel like it or not, and then to persist through the difficult times when the going gets tough. One of the hardest aspects of the law of financial accumulation is getting started. Very often people feel that they do not have enough money right now to start saving but promise themselves that someday in the future they will.

Unfortunately, however, such a day usually never comes, and so they end up not saving anything throughout their working life causing them to retire poor and broke.

17. The Law of Magnetism: The law of magnetism is similar in principle to the law of attraction. It states that the more money you save, the more money you will attract into your life. This law helps to explain many of the reasons why certain people have been wealthy throughout history, and why others have remained poor. Those who saved their money attracted more of it and prospered,

whilst those who squandered their money attracted less of it and so lived poorly.

According to this law, money flows to where it is loved and respected. Therefore, the more positive emotions you can associate with your money, the more opportunities you will have to attract it into your life. In order to attract more money into your life you need some money to begin with, because it takes money to make money.

18. The Law of Accelerating Acceleration: The law of accelerating acceleration states that the more money you have, and the more successful you are, the faster money and success come into your life from a variety of different sources. The law explains why successful and rich people always seem to have lots of success and wealth, and why it seems to come so easily to them.

If you have achieved lots of success in your life, everyone wants to know you and be your friend. This increases the amount of contacts you make, which subsequently increases the amount of opportunities you are exposed to.

The law also explains why success and wealth are difficult to obtain when you are first starting out, because when you have less success and wealth, you will naturally attract less of these things into your life. The 80/20 principle

Part of the law of accelerating acceleration states that 80% of your success will come from the last 20% of the time you put into something.

19. The Law of the Stock Market: When you own a share of stock, that stock represents your share of ownership of a particular company. This subsequently entitles you to a share of the benefits and risks associated with that company. This can include things such as their profits, losses, stock increases and decline in value and increasing or decreasing demands for their goods or services.

Therefore, when you buy a stock in a company, you are essentially betting a certain amount of your money on the success or failure of that company.

If the company does well, you will experience the benefits of a higher stock value, which you could then sell for more money than it originally cost you to buy.

If, however, that company does poorly and the value of your stock declines, you may end up

losing money and getting a negative rate of return on your initial investment.

20. The Law of Real Estate: The law of real estate states that the value of a property is determined by the income that can be generated by it when that property it is developed to its highest and best use. Although a property may have some sentimental value to its owner, the only thing that really matters to potential buyers is its future earning power and the land that it is on. If you purchase a property in a declining community that is losing jobs and experiencing a negative growth rate, for example, you can expect your property to decline in value over time.

If, however, you purchase in a growing community with an increasing number of local jobs, then you can expect the value of your property to increase in value over time. To make money buying houses, pay close attention to the current and future economic prospects of an area.

Why certain families or communities in business are more successful than single owner business: Community wealth laws are more successful in family-owned business, as there is trust between family members. They are more into businesses where they know about it as a profession which have been there in their family. Inheritance of business issues when cleared in family, makes family / community-based business more successful than Individual business. The modern wealth laws on in individuals are all focused of understanding the value of money in once life, the trust between people is not seen in same.

Traditional Indian business community are superior to Individual businesspersons for following reasons:

1. Family Values: The traditional Indian business community are conservative, conventional, and enterprising. But, most of all, they are family people who respect family values.
2. Pragmatic and Progressive: The traditional Indian business community value progress and are extremely practical and adaptable. They realize that the only way to climb up the stair in the society is by education.
3. Law abiding and conservative: The traditional Indian business community are the most conservative and believe in being law abiding. In US, the crime rate of Indian business community

is the lowest and being highly educated expatriate and immigrants; they respect education, merit and are useful to their society they live in.

4. Money-wise: The credit card companies in US are extremely angry with Indian business community for taking their credit card and paying the bills on them in time, unlike Americans; this means these companies make no money from them and this they do not like. Traditional Indian business community like me take the cards, use it to the minimum and pay on time, much to the consternation of the card companies. The traditional Indian business community are the least defaulters of banks, loan companies and live within their means. They save money and use it for education, marriages and building properties.
5. Genetic Disposition: The traditional Indian business community are good at maths and they are genetically inclined towards engineering, business and hisaab-kitaab. It is in their ghutti that they get maths and science from their mothers and fathers. Marwari community follows the Padta system in accounting. "Padta means what will be the return to pocket in net. Parta is a system of establishing return on Investment based on Cost Management." Padta is the financial performance monitoring system for any organization which indicates Profit/ Loss on daily basis.

CONCLUSION

People who become successful and wealthy in life have learned how to use money to their advantage. They do this by following certain laws that have been passed down throughout the ages. As a result, they are able to accumulate wealth and enjoy the financial freedom that those reserves provide them with. Unsuccessful people, however, or those who tend to remain poor despite having many opportunities to change their life, do not follow the same laws that wealthy people do.

In fact, in the majority of cases, the exact opposite laws are followed producing the exact opposite results that rich people experience. So instead of building wealth, such individuals tend to decrease their wealth and become slaves to debts that they can never afford to repay. Capital is no longer the exclusive bastion of select communities who rose from the bazaar and formed the top crust of the 'national' or 'big'

bourgeoisie at the time of Independence. Business activity has become more diffused throughout society, so much so as to becoming a function of individual entrepreneurial zeal 'a personality type able to react to economic opportunities' and less about membership in the right community.

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