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Connect Select IKS in Contemporary Discourses &
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Ancient Economic Thought of Arthashastra and Chanakya

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1. INTRODUCTION

It is believed that the systematic study of economics and its principles was started in 1176 by Adam Smith with the publication of *An Inquiry into Nature and Causes of Wealth of Nations*. He has been universally known as founding Father of Economics. Prior to Adam Smith, many economic concepts and theories were developed from the early 16th century to middle of the 18th century. Economics as a science trails its origin from the perennial philosophy of great ancient and medieval thinkers from the Buddhist literature to Kautilya.

2. ECONOMIC THOUGHTS IN VEDAS

The term Veda represents the entire divine literature on humanity comprising Rigveda, Yajurveda, Samveda, Atharvaveda, Brahmanas, Araanyakas, Upanishads and six Vedangs. Dharma, Artha, Karma and Moksha are four folds of human existence in the Vedic tradition. Out of these four aims of life, Dharma denotes morality or right behavior and social order - is considered more significant than Artha or wealth. Artha is a notion of material prosperity and not to be understood solely as material assets, but numerous other forms of wealth such as knowledge, friendship, and love. Artha occupies the second position amongst the four-fold values of life, Kama is physical or emotional pleasure and moksha refers liberation.

In the Vedic literature, wealth is a means of happiness and satisfaction and is therefore considered vital for every human being. The capacity for empathy, the quality of fairness, and the willingness to see the welfare of others are important components of a good life. The economic ideology of Vedas suggests an impartial sharing of food and wealth. One of the hymns of Rigveda describes that a person who eats alone is nothing but a sinner. According to the Vedic literature, the wealth acquired should be utilized for the welfare of all. It should be effectively used for individual nourishment and for the wellbeing of others. Even though some hymns of the Veda advocate equal allocation of wealth and equal opportunities to all (social and economic equality) but they do not promote absolute equality. Similarly, Gita (a Hindu scripture) condemns a person who eats single-handedly without considering the needs of others.

Additionally, during those times, nobody was allowed to store unlimited wealth by snatching away the wealth of others and disturbing their livelihood. Thus, the great quantity of wealth, without its effective utilization was condemned. Emphasis was laid on earning wealth by truthful means.

During ancient times, agriculture was the primary source of sustenance and trade was considered important to increase the wealth of the kingdom. Several types of taxes were imposed for the security of the state, for fulfilling people's wishes, for growing the kingdom, and for achieving the desired ends. Thus, wealth played a very significant role for personal as well as societal development. The abundance of wealth and food was considered crucial for the happiness of family and society.

The Vedic society was a complete society in all respects, in which people pursued several occupations and economic activities - agriculture, animal husbandry, weaving, construction etc. for sustenance. Proper attention was paid to ensure thoughtful use and development of economic resources available in the state. Economic policies were framed and modified according to social conditions, ethical values, and spiritual views.

3. BUDDHIST ECONOMICS

Buddhism encourages everyone to have a satisfactory life without going to any extreme in earning, consumption, or saving. It focuses on attaining economic stability and advises people to understand the importance of every single individual in the community so as to reach the objective of establishing a peaceful and stable world. Buddhism highlights on three important components of Macroeconomics:

- Disposable income and consumption,
- Investment, and
- Savings.

“Whatever income you have, you should only utilize one fourth to consume, half of your earnings you should reinvest to acquire further income and the last portion of your income should be kept for emergency acquisition as future savings.” (Buddhism)

According to Buddhism, the workforce needs to be truthful and ambitious. As there used to be closed economies during those times. Agricultural trade, government services, and skilled services were considered as legitimate occupations. Once the income was earned, the next challenge was how to spend it in the most sensible manner. In line with the Buddhist economic theory, “one should use his/her income appropriately and wisely so that the needs of every member of the household are satisfied and there are no conflicts between the members of the household.” Consumerism should be carefully studied and evaluated. According to Buddha, “consumption expenditure should be limited and there should be investments for future utilization as well. Consistent savings are crucial in order to have a stable life”. Buddha urged people to think about their financial stability without being caught in the vicious circle of poverty.

Another thing that Buddha stressed on was the concept of Right Livelihood, which means that one should withhold from making his/her living through a profession that brings harm to others, such as trading in deadly weapons, alcoholic drinks, poison etc. One should engage in a profession which is reputable and legal. According to Buddhism the objective of work is threefold:

- To give a person a chance to utilize and develop his abilities;
- To enable him/her to develop holistically by working in a team on a common task;
- To produce goods and services needed for existence.

According to Buddha economic stability and peace go hand in hand. So, he advised policymakers, administrators, and rulers to work for reducing social disparities in order to attain stability. To overcome disparities, administration should help poor people to stand on their own feet and become economically independent. He also highlighted that women should also be given a chance to become part of workforce.

Thus, Buddhist economics aims to clear the misperception about what is harmful and what is useful in the range of human activities by introducing the idea of Right Livelihood involving the production and consumption of goods and services, finally focusing on making human beings morally mature. It focuses on the thinking of human awareness and tries to shape a society that is administratively and economically stable. Also, the concept of Gross National Happiness was based on the Buddhist philosophy of wellbeing.

4. JAINISM: ECONOMICS OF MAHAVIRA

Jainism and economics in Jainism is, influenced by Mahavira and the values and beliefs of non- violence and non-authoritarianism advocated by him. There are two fundamental political- economic systems in the society – Socialism and Capitalism. The previous is meant to be extra socialistic and the later capitalistic. However, Mahavira found no difference in both these systems as both were determined by materialism. Jain ethics was intensively opposite to materialism and encouraged security of living and non-living things. In Jainism, non-violence itself is a belief

and not only a part of religion. According to Mahavira, wants like superiority, anger, corruption, and greediness are responsible for committing violence. Thus, freedom from desires is non-violence. He highlighted that life is sacred irrespective of caste, color, creed or nationality and supported the philosophy of coexistence. All living beings are treated as equal and misuse of non-living being is avoidable. Mahavira said that nobody can object to economic development in society. But it should be attained through the ethical means of non-violence and not by unethical means of violence. Jainism advocates ethical performance - earning wealth by truthful means - in order to ensure the well-being of the society in the long run. According to Mahavira, basic needs of everyone must be satisfied and economic prosperity would not disturb the welfare of the poor. Though the possibility of ethics defined by Mahavira is very narrow in today's context, still it provides an overall sketch of the role of ethical means in promoting societal development.

In modern society, there is a contrast between ethics and economics however some of the economists like Amartya Sen (1987) and Hausman (2006) claim that greater attention must be paid to ethical thoughts to enrich economic concept. In Jainism, Parigraha means extreme self-interest about both living and non-living belongings like family, money, property etc. Mahavira has faith in that greed for ownership has no bounds and causes great economic disharmony in the society. The spirit of the economic virtue of Aparigraha is that one should set a boundary to one's own desire and whatsoever excess one may accumulate beyond this limit should be disposed of. Human beings need to limit their needs and make sensible use of available resources. Human values and ethics should not be sacrificed in the name of economic development. Development devoid of human values and ethics leads to the impoverishment of people, thereby causing economic instability. Thus, Jainism promotes comparative economics which is based on ethical means. Comparative economics and the philosophy of non-violence help to attain sustainable economic development. Hence, the role of ethical religion based on nonviolence is significant to control the tendency of extreme possessiveness through inner awareness to attain sustainable economic growth.

5. KAUTILYA'S ARTHASHASTRA – A FORGOTTEN INHERITANCE

Chanakya is also known as Kautilya. He was an ancient Indian educator, philosopher, economist, and royal advisor. He was the Prime Minister in the court of Chandragupta Maurya (one of the great rulers of India). Kautilya is considered to be the pioneer of the Political Science and Economics in India, and his work is held as an important precursor to classical economics. Arthashastra (the science of wealth), written by Kautilya, is a composition on administration, economic policy, military strategy, and international relations. The book containing about 6000 hymns is a complete guide on how a state must be governed and administered by a king. It is written in Sanskrit and is separated into fifteen book titles and one hundred fifty chapters. It provides a comprehensive account of everything related to state governance from the liabilities and responsibilities of the king to the economic administration of the state. In Arthashastra, Kautilya relates governance, polity, politics, and progress to public welfare. He provided a political viewpoint to unify previously small political units and diverse language groups into a wider unified identity. His final goal was social harmony. However some of his principles are unrelated today, Arthashastra still continues to provide a model of political and economic thought in India. It is observed as one of the oldest works of economics. Kautilya drew his inspiration from the ancient philosophies of Jainism, Buddhism and Vedas. The book Arthashastra contained systematic ideas on large no of practical economic problem.

6. MAJOR THOUGHTS OF KAUTILYA ARTHASHASTRA

The major observations of Kautilya's Arthashastra encapsulates economics, population, land and agriculture, labour and wage, social security, trade, pricing and price control, distribution, taxation and functions of state.

Economic views: Kautilya observed "Artha" (Wealth) as the root of all disciplines. He noted that the whole structure

and organisation of the state entirely depends on the economic power and strength of the country. Wealth included necessary domestic animals like cow, horses etc. His notions on wealth included money commodity, private property, precious metals and any other goods having a market value. Wealth is accumulated slowly and steadily.

Population: An enormous population is viewed as a sign of prosperity of nation. Population can be utilised for the exploitation of human resources. He suggested that the king should have separate colonies for the immigrated population.

Land and Agriculture: According to Kautilya, agriculture is a prominent source of livelihood of a nation. It provides food for both humans and animals. The owner of the land is the king. The land which was gifted by the king was tax free. The king must employ agriculturist or the development of agro system of the country. The king should also provide the basic infrastructure for the agriculture.

Labour and Wage: According to Kautilya, the wage of the labour should be determined according to efficiency. He recommended penalty for negligence of work by, way of nonpayment of wage. The women should help men by distribution of work. He also recommended penalty for those who refused to work after receiving wages and suggested leave for the workers. He laid down a code of conduct for labour and accepted dignity of labor.

Social Security: Kautilya was in favor of granting social securities. According to him, it was the basic responsibility of the king to provide, employment, charitable institutions, houses, etc. to the poor. The salary of the public servant should be based on the three conditions;

- Efficiency and effort,
- Status of the employment and
- Loyalty of the employee to the king.

Price and Price control: The impression of price that Kautilya had was the medieval concept of, just price. The price is nothing but cost of production to which some markup is added. When market price is greater than just price, the difference should go to the government treasury. Supernormal profit should be penalised. When there is an increasing tendency in the price level, the supply of the commodity should be increased. He also supported the price control.

Trade: Trade was considered as an important profession during the time of Kautilya. It was the prime duty of the state to provide basic facilities to the sellers, such as houses, store houses, markets etc. There are several duties imposed by the state on the traders and it was considered as the important source of state revenue. The traders should follow some rules and regulations as fixed by state.

Distribution: Kautilya did not make any difference between interest and profit. He did not provide any clear impression about profit but he said that, interest should not charge beyond a reasonable limit. He suggested different interest rates for different types of loans. At that time profit was viewed as the return of supervision.

Public Finance and Taxation: Kautilya provided an elaborate explanation of public finance and taxation. Every tax involves burden. Tax should be collected on the basis of the paying ability of the tax payers. The tax revenue should be spent in the public welfare activities which increase income and efficiency of tax payers. Tax must not hamper the productive efficiency of the economy. Tax must be progressive in nature and income should be regarded as suitable basis of taxation.

Kautilya's ideal economy: According to Kautilya, infrastructure plays a very vital role in the growth of the state and for advancement of commercial activities. So, the state must invest in building of roads and other transport networks so as to increase its trade revenue. Kautilya's, economic growth is a multi-dimensional phenomenon that results in amplified economic activity, with efficiency being the final source. He drew the importance of growth

of mines and forests, agriculture and livestock, and trade and commerce since the capital's fortunes depend on the economic efficiency of numerous businesses. The King was recommended to control mining and manufacturing operations, exploit timber forests, offer facilities for cattle-breeding, construct roads and build reservoirs to encourage trade, and set up market towns. Not only this, he measured national security, maintenance of law and order, protection of private property rights, and provision of public facilities as basics for economic progress. Kautilya had a grand objective for building an empire that was well-off, protected, steady, and reasonable. Kautilya understood that there was a huge gap between his ideal economy and that prevailing in 4th century B.C.E. His intellect lies in recognizing the possible difficulties that might arise in removing such a gap and planning policies to resolve them. According to Kautilya, it was the moral duty of a king to increase prosperity, legal equality, and state security; and he anticipated a complete theoretical framework and recommended applied measures to attain these objectives.

7. CONCLUSION

Kautilya's Arthashastra provides a complete description of everything related to state governance from the duties and responsibilities of the king to the economic parameters of the state. In Arthashastra, Kautilya links governance, polity, politics, and progress to public welfare. He provided a political perspective to unify previously small political units and diverse linguistic groups into a wider unified identity. His final goal was social harmony.

Kautilya's concept of economics or the factors contributing to the wealth of nations seem to have been superior to other theories of economics. Kautilya advocated the importance of development of agriculture for the economic prosperity of the countries, but by no means measured agriculture to be the only basis of wealth. He also understood the importance of emerging industry, trade, and commerce for securing the prosperity of the nation. He recognized that the wealth of the nation and the security of the state depended on the progress and well-organized operation of numerous subdivisions of the economy. Given the density and developed nature of his thoughts in the Arthashastra, Chanakya is a predecessor of both Western classical and modern world thinkers. He is one of the first creators of theoretical framework on whose ideas today's complex global systems and economic models stand. He offered a broad conceptual outline and a set of policy measures to promote economic development and fairness. He put dharma (ethics) ahead of Artha (material well-being) since he believed dharma not only paved the way to bliss but also to prosperity.

However some of his principles are irrelevant today, Arthashastra still continues to provide a model of political and economic thought in India. It is regarded as one of the oldest works of economics. Kautilya drew his inspiration from the ancient philosophies of Jainism, Buddhism and Vedas. The book Arthashastra contained systematic ideas on large no of practical economic problem.

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