



Economic thoughts of Kautilya: An analysis

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Abstract

The 4th century economic system was the product of Kautilya's rational among great ancient scholars. Kautilya presented scholarly policies regarding agriculture, revenue, trade, infrastructure population and so on. All his ideas are written in the treatise of 'Arthashastra' which was written originally in Sanskrit. Economy, being a vital segment of a society, requires policy formulation and effective administration. Kautilya was well versed with the needs of a progressive society. Therefore, he recommended such policies which could bring best possible outcome in the contemporary world. He advocated that king was given active role in the promotion and regulation of market with any direct intervention in the market forces. To facilitate various sectors in the economy, he focused on the planned and well-developed infrastructure. Security of state and effective implementation of policies was essential to achieve the goal of developed economic system and progressive society.

Keywords: Welfare state, infrastructure, commerce, agriculture, revenue, tax so on

Introduction

'Arthashastra', originally an ancient Indian Sanskrit Treatise, is a scholarly work of Kautilya. It was written and famous during Mauryan Empire. Kautilya also famous as 'Indian Machiavelli' wrote wisely about policies and treatise for promotion of economic growth and development of society. Promotion and regulation of market was balanced well through expenditure on various welfare schemes as well as taxation and punishments. Kautilya, a great visionary of welfare society and powerful state, knew that economic prosperity and resources are foundation to a great empire.

Being an ancient Indian educator, philosopher, economist and royal advisor, Kautilya presented diverse ideas regarding population size, promotion of agriculture, efficiency wage price control, revenue collection and so on. Kautilya advocated promotion of agriculture as he understood the diverse importance of it. Beginning from employment to the food security it was agriculture which could sustain economy as well as life itself.

Objective

This paper has been written with the objectives of analyzing and elaborating different ideas of Kautilya. These signifies the importance of great ancient knowledge about economic. Kautilya's ideas are presented with focus to make his ideas known and establish his visionary perspective.

Methodology

The entire paper has been written in a descriptive mode. Analysis and description of Kautilya's ideas are lucid in nature and simple. The relevant information has been collected from various sources such as books, articles and different other sources.

Discussion

Kautilya insisted on the just and well-regulated economic system. The chief economic ideas of Kautilya are discussed below:

Infrastructure

Kautilya was a wise policy maker. He understood the importance of infrastructure for development as well as security purpose. For instance, he talked about availability of water to its citizens.

"There shall be a water well for every ten houses."
(Shamasastri, 1951, pg55)

He insisted for the construction of store-house where produce could be placed and preserved. An economy can develop only when its agriculture is provided with sufficient ware housing facility.

"The Chamberlain shall see to the construction of the treasure-house, trading-house..... armoury and the jail."
(Shamasastri, 1951, pg55)

Infrastructure plays a pivotal role in the development. The Economic environment gets conducive with the development of well-defined infrastructure. This gives boost to economy by providing basic facilities of transport, bridges well, store house and so on. In this regard Kautilya was a great visionary. His idea was that the expansion of infrastructure was good for nation's strength as well as for the welfare of its people. This idea holds true today. Development of infrastructure is pre-requisite for the welfare and development of any economy. This gives boost to the growth.

Agriculture

Kautilya in his book Arthashastra mentioned 'Varta'. This term is one of the four essential classes of knowledge which are required for the working of the state. 'Varta' denotes the science related to agriculture cattle-breeding and trade. This branch of science is helpful to bring in grain, cattle, gold, forest produce and free labour.

Agriculture, being the backbone of an economy, has got a very significant place in the discussion of 'Arthashastra'. Therefore, Superintendent of Agriculture had been given various responsibilities. He had the task of water management, managing crops and trees and agricultural development. Kautilya says that the king should appoint

such scientists which can develop the agriculture. Apart from it Kautilya also focuses on the irrigation facilities such as well, ponds and construction of lake etc.

Agriculture is the source of revenue for the state. The king was suggested to impose land tax and some other taxes on the farmers. Thus, agriculture should for its development and to protect crops, harvest and store the produce.

Trade

Trade is backbone of market and essential for economic development. The government has impactful role in the system of trade and its growth Kautilya about 300 B.C.E wrote for trade in his work 'Arthashastra'. He recognized that state has a role of regulator of market. In his opinion the state should protect and promote commercial activities in the market. In this respect Kautilya mentioned about 'Department of Commerce'.

"The Superintendent of commerce shall ascertain demand or absence of demand for and rise or fall in the price of various kinds of merchandise which may be the products either of land or of water and which may have been brought in either by land or by water. He shall also ascertain the time suitable for their distribution contralisation, purchased and sale." (Shamasastri, 1951, pg104)

He insisted on the management of demand and price in the market. Planning related to time in regard to various trade related activities is required for achieving market goals. As for as quality of product is concerned. He talked about punishment for adulteration of grains, oil, medicinal articles etc.

Public Finance

Kautilya's ideas for revenue administration are significant which helped Mauryan Empire to have an expanding economy. Treasury, being one of the seven elements of 'Saplanga theory' of the state is essential for the functioning of the state. Abundant resource are pre-requisites for the functioning of state. Kautilya mention about collector-general, who had the duty of tax collector.

"Thus, a wise collector-general shall conduct the work of revenue-collection, increasing the income and decreasing the expenditure." (Shamasastri, 1951, pg61)

Kautilya considered that tax collection can be alone from various sources such as forts, mines, gardens, forests, roads etc. In this way he elaborated a detailed list of revenue source.

"The collector general shall attend to forts, country-parts, mines, buildings and gardens, forests, herds of cattle and roads of traffic." (Shamasastri, 1951, pg57)

A fair tax system in the backbone of state welfare functions and financial management. He also prescribed about a king of emergency tax. This kind of tax could be imposed once in the entire life span of a king Kautilya know the importance of budgeting accounting and auditing Kautilya considered that welfare of the public is the objective and responsibility of the state. Both social and economic development being the objectives of public finance, Kautilya focused on just and balanced expenditure. But he insisted that any such action shouldn't interfere directly in the forces of demand and supply in the market which ultimately contribute for the determination of price and production.

Conclusion

Kautilya was a wise policy maker with broad vision of future. His ideas regarding economy are versatile ranging from infrastructural development to revenue and taxation of the state. Morality was also given great importance while developing economic principles. The wrong deeds in economic activities were punishable. The modern policies of economic development can see tremendous potential in his economic philosophy and policies.

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