

# Relevance of Kautilya Arthashastra in Today's World

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**Abstract:-** This paper aims to highlight the relevance of Arthashastra and his economic principles in today's economic world. The significance of the study in the field of economics by Chanakya, the ancient Indian scholar and administrator of the Maurya dynasty, dated roughly between the 4th century BCE and the 3rd century BCE is noteworthy. Chanakya, also known as Kautilya, wrote an important work on economics – Kautilya Arthashastra, the science of wealth, which contains different micro-aspects of governing such as administration, statecraft and military strategy. The Arthashastra was originally written for Chandragupta Maurya, but today, it is the most reputed ancient text on economics. He was an ethical, intellectual, progressive, and far-sighted independent individual who believed in building a systematic organizational structure for the peace and prosperity of his people. Chandragupta Maurya's era was stated as 'The Initiation of Golden Age of India', with Chanakya as his advisor. Arthashastra promotes *yogakshema* i.e. *karma-yoga* (dedication towards work), *dhyana-yoga* (contemplation and meditation) and *bhakti-yoga* (devotion towards the supreme) for the betterment of humanity.

**Keywords:-** Chanakya, Kautilya Arthashastra, Economics, Administration.

## I. INTRODUCTION

The Arthashastra is an ancient Indian text on statecraft, administration policy and economics. The treatise together contains 15 books, 150 chapters, 180 topics and provides a detailed analysis of administration and a thorough knowledge of practical problems a government can face, also mentioning the ways of tackling them. Book 1, comprises of 21 chapters consisting of the training of officials and soldiers. Book 2 is made of 36 chapters speaking about the job of superintendents. Book 3 is on justice, punishment and rewards. Book 4 covers the topics related to subduing the crime rates and maintaining control over traders and merchants. Book 5 consists mainly of the division of salary of officials, labours and workers. Book 6 is made up of two chapters that consist of theory about foreign policy and the integral elements of state policy. Book 7 consists of eighteen chapters based on the six-fold strategy, that is, the usage of foreign policy in various conditions that could likely arise in some situations. Book 8 covers the subject of calamities and it consists of 5 chapters. Book 9 contains 7 chapters on how to prepare for the battle. Book 10 speaks about the war tactics and strategies. Book 11 has one chapter explaining how one should handle the confederacy in the state. Book 12 assesses the weaker king and what happens when the stronger one

takes over him. Book 13 deals with the conquering of kingdoms, forts and states which consists of five chapters. Book 14 consists of 4 chapters and deals with eerie and occult practices. Finally, book 15 consists of organizing a scientific treatise.

Kautilya Arthashastra's ideology is based on the theory of, '*sam, dam, danda, bheda*', to achieve a certain goal or aim. Many academicians and economists believe that his teachings and guidelines are ideal for India's current economic problems. The whole treatise is based on relying on *dharma* (to do one's duties rightfully) and to create a stable structure for the steady and sustained growth of the nation. He believed that without government, the nation will go down the drain. Here he implies, that the government should always act for the benefit of the people. Kautilya, thus, is the root of Indian economics.

Ethical behaviour is the top-most priority in Chanakya's Arthashastra. The right ethics and proper conduct can help a nation maintain the law and order and create wealth which in turn will benefit the nation economically. Kautilya regarded natural resources and livestock to be of utmost importance for any economy. He believed that proper management of these resources could help in the betterment of economic condition of the nation. He stood by the fact that, 'humans are a part of nature' and the growth and progress will take place when there is proper management and optimum utilization of natural resources. In Chanakya's times, trade and commerce were flourishing and he had fixed the prices and trade regulations according to the demand and supply of the commodities. Taxes were applicable on income based on one's ability to pay. Taxes were imposed on land, trade and industries. CSR was also a key factor in his administration. During his times, when Kautilya acted as the advisor of King Chandragupta Maurya, every responsibility was handed to a chief superintendent who had to protect the subjects under his jurisdiction and make sure everything was working smoothly. Time management was also a very important factor in the Arthashastra and was equally assigned for each task. Commensuration is a very important law created by Chanakya; every offence had a certain degree of punishment according to its intensity. He also states in the book that, women should be allowed to work and there should be no gender-based discrimination whatsoever. There were rules and regulations for every act performed by an individual to help him/her lead a peaceful and prosperous life.

## II. LITERATURE REVIEW

Kautilya was a shrewd businessman and had all the abilities to run a state. He developed many economic policies and a scientific treatise about administration and statecraft. His approach towards economics was holistic yet logical to bring prosperity to his kingdom. He is the originator of many ideologies and concepts that have re-emerged during the recent times. Optimum utilization of resources and wealth creation were his main objectives. He was of the view that a king is no one without his subjects. He established good governance in his state which led to one of the most powerful kingdoms India has ever seen. Dr. Hrishikesh Vinod and Prof. Balbir Sihag have put in great efforts to bring light to this subject.

### III. KAUTILYA'S ECONOMIC THEORIES AND MODERN ECONOMICS:

Today, India has adopted a western approach for solving the current problems, but many of the theories that drive today's economics were originated by Chanakya.

Kautilya's Economic Theories: Kautilya's economic theories were based on ethics. He explained the importance of ethics and rightful conduct and its benefits to society. The Arthashastra explicitly promotes the goals of both *artha* (material wellbeing) and *dharma* (righteous behaviour) as a consistent whole and rejects any divergence from them.

Ethics and rightful conduct were the topmost priority for Chanakya; he believed that it the way to peace and prosperity. He suggested that children should be taught ethical values at an early age by giving them dharmic lessons from the *Vedas* (sacred text of Hindu culture). His whole treatise is built on an ethical foundation and trust in a socially desirable perspective. According to him, a society based on morals, ethics and compassion is productive and less anxiety-prone. Trust plays a critical role and is the most valued possession in a knowledge-based economy. Sharing and creating knowledge to incentivize the potential gains from trade is built by ethical trust.

Classical Economics: Adam Smith, the father of modern economics, explains that the best economic benefit can be attained when individuals act in their self-interest. The Invisible Hand Theory proposes that when consumers act in their self-interest, decisions in a free-market economy can make a positive impact on the economy at large. A self-seeking economy which has adopted a 'scheming' approach for trust, treats the trust as a risk and a safeguard against the potential harm that might be caused by the ally's opportunistic view. He set forth the systems of capitalist production, free markets and value. Modern economics believes that the government should not take participation in business unless to protect the free-market economy.

## IV. RELEVANCE OF CHANAKYA NEETI IN CURRENT PROBLEMS OF THE WORLD:

The Arthashastra is a framework to benefit the top management of the nation for a peaceful and prosperous administration. Kautilya lived in an era when monarchy was widespread. Thus, his writing reflects some of the monarchical ideologies from the past. Nevertheless, Chanakya defines, "Economics is the most important aspect of development as it provides the basis for human existence and survival". Kautilya believed that, the king has no individuality of his own and should work in the interest of his subjects. His happiness lies in the happiness of his subjects. He has covered a comprehensive range of topics such as taxation, trade policy, price fixation, market ethics, international and domestic trade, public finance, revenue creation, interest and profit, war and peace, consumer rights, crime and protection, government expenditure, economic growth, flexible labour laws etc. He created a path for economic prosperity through entrepreneurship and achieving it in any situation. Even though there is a difference in eras, his ideologies are relevant in today's global environment. Arthashastra is the first known authentic text on public finance, administration and fiscal laws for the state.

Chanakya was familiar with the theory of demand and supply, the utility of the commodities and its collaborated effect on price determination. He ensured there was no hoarding and such other mal-practices happening in the market so that the prices of commodities did not soar high or plunge. He even defined the term 'future price', that is, what we call in today's terms as 'carrying costs'.

Chanakya quotes, "a king must collect taxes like a honeybee, enough to sustain but not too much to destroy". The collection of taxes was well structured and were collected from all possible sources to provide and protect the state and the king from all the external factors. Sales tax, income tax, centralised tax and pilgrimage tax collected from all potential sources were spent on social services like building the roads, setting up educational institutions, funding and building new villages and other activities that would benefit the kingdom. Land revenue was the most important source of tax collected in the state. He insisted on collecting taxes from farmers who owned arable lands. Kautilya believed that poverty was a living death and asserted that maintaining law and order was needed for economic prosperity.

He stated that productive economic activity and maximization of utility was the way to a nation's economic growth. He believed that the government should watch over some of the activities taking place in the state so as to maintain the welfare and prosperity of the nation. He highlighted the importance of agriculture in a country and his treatise proves to have a solution to many of the problems faced by India today. Agriculture was the topmost priority as it was the primary source of revenue creation. Therefore, creating more opportunities and starting new agriculture initiatives for a good harvest was important for the state's treasury. There were laws fixed regarding the tenure of the

labourers. Labour wages varied according to the productivity of the individual. He designated methods for income fixation. Water management is one of the most important topics discussed by Kautilya in his work. There were taxes and irrigation facilities all over the kingdom and improvement of the facilities took place every three to five years.

International trade and possession of territory to acquire sources of food and raw materials led to wars to protect the kingdom and trade routes. Therefore, Kautilya says, the treasury should be maintained at a comfortable level and have a reserve of resources for the war period. Despite this, peace was always in favour above war, as peace can lead to productivity and abundance. He anticipated the economic gains and prosperity of the trading kingdoms and encouraged international trade. The institutions and companies that generate revenue and made good profits were important for the development of the society. He knew, higher the risk and uncertainty, higher were the profits and interests. He suggested development and maintenance of trade routes to ensure smooth trade. Kautilya was the first known person to put forward the theory of 'just price' meaning, the incentive for business people to keep five per cent to ten per cent of profit in their businesses.

During the Mauryan era, there was no restriction on the supply of money. The restriction was decided upon the availability of the metals- gold and silver, used for minting the coins. He even advocated the theory of banking that kept the wealth of the traders, artisans and merchants in safekeeping. He made sure to appoint reliable, loyal and honest people for such money-keeping jobs for the bank to be successful.

He structured the rates of interest based on the type of loans offered. Loans were offered and interests were waived off based on ability to pay and the type of people taking the loans. The businessmen dealing with forest products had to pay double interest on their loans, and the traders who engaged in overseas trade had to pay the highest interest. He justified the creation of wealth for establishing a welfare state. He has written in brief about the type of officials that could cause loss to the treasury. He has even tried to deal with the corruption in the government by speaking about morals and ethics and suggests engaging, honest and virtuous staff based on the character reference for the important matters of the council.

He marked upon three parameters that could measure the governance quality:

1. Accountability
2. Integrity and
3. Transparency.

These three sustainable parameters have been observed in the governance of countries that have evolved to be the developed countries in today's times. The king was at the apex of the administration of law and justice. Good governance can create a positive impact on the economy and future growth of the nation. Policies related to economic growth, risk management, self-insurance, monopoly regulations, preventive measures to deal with natural calamities, national security are some of those that are very much reliable and relevant in today's world. Human security, regulations, ethics and dharmic values constitute the overall development of the nation. The code of ethics is the foremost requirement for sustained and steady growth of the country. He insisted on educating the children for the sustainable economic development of the state. Education adds value to one's understanding and improves the quality of life. His several ideas were later utilized by modern economists to advocate the development of the country. Even though there are many parallel concepts and principles in modern economics, Kautilya's Arthashastra is studied all over the world for its profound knowledge on administration, statecraft and economic philosophy and its relevance in today's world.

## V. CONCLUSION

The Arthashastra is an original treatise explaining all the practical problems and setting guidelines for the management of the kingdom or state. The work has been recognized as one of the most treasured treatises on statecraft, administration and economic philosophy. Even though he did not write a book on economics, he has explained his ideas implicitly and has highlighted many ideologies that are required for managing the affairs of the state. Even after 2000 years, the relevance of Arthashastra in today's modern economic world shows, visionaries can positively impact the world at any given point in time.

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