

# Kautilya Arthshastra and Contemporary Issue in India



**R.N. Desai**

Principal,  
J.K.Patel Arts College & B.A. Patel  
and D.B. Vyas Commerce College,  
Chanasma, Patan,  
North Gujarat



**Jayshri S. Datta**

Smt. S.B.Patel Institute of Business  
Management,  
Sankalchand Patel University,  
Visnagar, Mehsana,  
North Gujarat

## Abstract

The paper will take up some economic thoughts of Kautilya which might be demonstrated extremely valuable in current time. Kautilya has written many books on Economics but no one has discovered book on development of economics, until right on time in the twentieth century. So the essential target of this examination is to investigate the Kautilya's economics perspectives and to research the significance of Kautilya's monetary thoughts in present day eras. In this paper author talk about Arthashastra establishes the reasonable framework for making India the primary welfare state. Chanakya promoted welfare to all aspect of nation and a good governance for the most part envelops all parts of the way a nation is represented, including its monetary approaches and administrative system, International Trade and Foreign exchange and taxation are also part of this paper.

**Keywords:** Arthashastra, Kautilya, Development of Economics, and Development of Economics

## Introduction

Despite the fact that India and Indians always remembered the Arthashastra, an investigation and functional utilizations of the book lost its significance since the British run the show. In year 1905 Professor Shama had done English interpretation of book. Apart from this One by Professor Kangle and Shari Rangarajan has done English interpretation of book. The book has numerous standards and strategies that once connected can demonstrate a huge change. Arthashastra, composed by Kautilya is an antiquated treatise managing with the administration of a nation. Chanakya was an extremely learned researcher at the Takshashila University, an antiquated

Arthashastra is an exceptionally acclaimed treatise on old India. It was composed around 300 B.C. The book bargains with economics, administration, political thoughts, biology and different points. The book is isolated in to fifteen sections. Kautilya wrote a few different books distant from Arthashastra, he wrote book on Rule of science which was known as Chanakya-Sutras other was Chanakya- Rajanitisastra which was science of Government Policies. Chanakya was India's most notable political financial expert. He was a genuine statesman who conquered any hindrance amongst experience and vision. For him, great administration was principal. The Arthashastra is an important even today's time as it was in Kautilya's time. He was knowledgeable with the attributes of administrators and statesmen and set down standards to anticipate abuse of energy. He stressed the significance of bookkeeping strategies in monetary undertakings to appropriately measure financial execution.

Kautilya clarified that no measure of standards and directions or evaluating can anticipate dishonest conduct and that character-building and activity arranged moral esteems were basic. He clarifies the need of having solid government accounts and a capable armed force. It expresses that the moral obligation of the lord is to expand success, guarantee legal decency, and give national security. The book additionally represents the duties of other important positions in the governing body of any nation, like Police, Judge, Treasurer, Army head, Commerce Minister and others. The Arthashastra originates before any comparative group of work from the Greek, Roman or Chinese developments and is the wellspring of numerous advanced practices, for example, two fold passage book keeping technique, reviews, and so forth. The paper will take up some economic thoughts of Kautilya which might be demonstrated extremely valuable in current time.

## Objective of the Study

Kautilya has written many books on Economics but no one has discovered book on development of economics, until right on time in the

twentieth century. So the essential target of this examination is to investigate the Kautilya's economics perspectives and to research the significance of Kautilya's monetary thoughts in present day eras.

#### **Review of Literature**

Monetary Inclusion<sup>1</sup> (FI) portrays coming to poor people and unbanked zones by method for giving money related administrations. It goes for giving monetary administrations to the underprivileged area of the general public at a reasonable expense particularly. FI moreover goes about as a guardian angel for poor people and ignorant people from the unlawful cash loaning organizations of nearby cash moneylenders and help streamlining them with the formal budgetary framework. Generally, the Government has been acquainting numerous plans with upgrade its saving money exceed in India. One such activity is Pradhan Mantri Jan DhanYojana (PMJDY) propelled in 28th August, 2014. The program professes to be the greatest budgetary incorporation activity on the planet. In this specific situation, the present article plans to reveal the present status of PMJDY, particularly to improve FI in India. The paper is engaging ordinarily what's more, depends on auxiliary information gathered from different sources, for example, diary articles, daily papers, reports, books, web and authority site of PMJDY. The gathered information have been dissected with the assistance of rates to discover the general advancement of PMJDY since its commencement. The examination presumes that the PMJDY other than confronting introductory hiccups has turned out to be one of the noteworthy quickening agents for FI in India and has possessed the capacity to annihilate money related distance in the nation.

Different old Indian writings and the monetary contemplations communicated in that, digs on the reasons why they have gone unnoticed, conveys to the fore the monetary strategies laid around Kautilya, demonstrates how these strategies epitomize down to earth use of the cutting edge monetary standards, and brings out in striking help, the commitment of this Pre-Classical writing in the historical backdrop of monetary idea.<sup>2</sup>

Since 1990s, India saw critical changes in the macroeconomic strategy administration along the neoliberal course which has brought about a debilitating of the mediations by the State, in numerous imperative financial and social fields. In this paper an endeavor has been made to feature the real issues of the present contemporary Indian economy and additionally some ongoing discussions. The paper features that monetary development isn't just essential from interior financial and social point of view yet in addition outside financial front. Yet, full market deregulation is more inclined to outside stuns and dangers of world economy. In the meantime, social change and government spending are likewise not a free stream instrument except if guided by appropriate direction. Along these lines, for comprehensive development of India, both advancement ideal models are vital as given by Sen and Bhagwati which ought to be utilized with appropriate consideration and national prerequisites.<sup>3</sup>

#### **What is Economics according to Kautilya in Arthshastra**

An impeccable adjust must be kept up between State administration and individuals' welfare is the quintessence of Kautilya's financial treatise Arthshastra, made 2,500 years back. He was an extraordinary statesman and additionally incredible researcher. He characterized „Economics as the most critical perspective as it gives the premise to human presence and survival.“ He played out an overwhelming part in the development of Maurya Dynasty. It was his direction that domain achieved development with soundness with the assistance of solid organization and productive monetary administration. He had faith out in the open welfare since when his work gave a solid spotlight on the riches, adequacy and prosperity of the lord, his real target was not to profit the ruler but rather to profit the general population.

#### **Welfare State and Good Governance**

In Arthshashtra establishes the reasonable framework for making India the primary welfare state. Chanakya promoted welfare to all aspect of nation. For him welfare of the animal was equally important of human welfare. He didn't speak just about human welfare however focused on creature welfare moreover. Chanakya states, "In the satisfaction of his subjects lies the king's joy, in their welfare lays his welfare. He might not consider in the same class as just that which satisfies him however regard as valuable to him whatever satisfies his subjects"

Chanakya was in a favor to the security of jobs of the civilizations, weaker area of the state, Consumer protection and even the welfare of detainees too. The King's duties are to be simply, reasonable and moderate in ensuring his people about their safety. His concept about king should be father figure for each individuals of a state. Kautilya characterized the perfect ruler as one "who is ever dynamic in advancing the welfare of the general population and who charms himself by enhancing people in general and doing great to them."

Governance for the most part envelops all parts of the way a nation is represented, including its monetary approaches and administrative system. Kautilya had massive information about different parts of administration, for example, tax assessment, strategy, exchange, business, organization and so forth. It is said that he had a reasonable learning of solution and soothsaying too. Kautilya talks about the way a nation or economy is sorted out various problems like, how ministers ought to be picked or elected, how war should be leaded by authorities of a nation, and how tax collection ought to be orchestrated and dispersed. Accentuation is set on the significance of a system of spies and witnesses which work as an observation corps for the ruler, concentrating on outer dangers and interior dissidence.

He adopts a comprehensive strategy to administration and discloses a few zones basic to the working of a nation inside and out. Those zones were national security and foreign Policy, administration of Justice, approaches identified with monetary

advancement, taxation, labor management, and financial management, management of all these are the concerned areas manage by government . To him achievement of good administration requires that the goals of the state are satisfied and figured it out. This is conceivable through appropriately composed and guided organization. He recommends that great administration ought to evade outrageous choices and activities. Choices ought to be taken by the circumstance. Singling out Kautilya's four-pronged way to deal with open fund and state arranging, which was really financial aspects, monetarism and substantially more, in light of "dharma, artha, kama and moksha," the specialists concurred that understanding human welfare was the foundation of Arthshastra, said to be the most seasoned and generally comprehensive treatise on administration and organization of state on the planet, which put forward speculations of state create and monetarism and furthermore a code of common and criminal law still pertinent today.

The Arthshastra likens political administration with financial administration. The end is financial administration while political administration is the methods. In any case, as financial destinations are not understood in the nonappearance of political ones, at that point political administration turns into an end and financial administration the methods. 'The end legitimizes the methods', this should be the premise of Kautilyan reasoning. Political influence and material riches are the methods and finishes of administration. Furthermore, great administration - political or monetary - relies on advocating the finishes and means as the socio, monetary and political conditions. As per Kautilya, to guarantee great administration there must be a legitimately guided open organization, where the ruler should surrender his preferences in light of a legitimate concern for his subjects, and the staff running the Government ought to be responsive and responsible. Kautilya additionally accentuated that for national inviting great administration there ought to be consistency in the managerial practices and also skillful pastors and authorities having characteristics of administration, responsibility, mind, vitality, great good direct, furthermore, physical wellness, fit for taking brief choice. As indicated by Kaufmann and Kraay," the idea of

Administration isn't new. Kautilya displayed key mainstays of the specialty of administration underscoring equity, morals and hostile to imperious propensities. He additionally point by point the obligation of the lord to secure the abundance of the state and its subjects, to improve, keep up, and it does defend such riches and in addition the premiums of the subjects." A ruler who oversees equity based on four standards: exemplary nature, confirm, history of the case, and the predominant law, might vanquish the earth.

#### **International Trade and Foreign Exchange**

International Trade and Foreign exchange has dependably been fundamental component of any economy. Kautilya perceived that outside exchange merchandise and enterprises is a noteworthy vehicle

for expanding the state riches. He said that remote exchange ought to be energized by giving a few motivations, for example, exclusion from charges with the goal that outside dealers to make a benefit. He gave particularly significance to imports. He additionally said that outside exchange is useful to expand the supply of those merchandise which may not be accessible locally. Through imports a state can be gotten merchandise all the more economically from remote sources. Along these lines he defined a relative preferred standpoint perspective of remote exchange He said that it is advantageous for the distinctive kingdoms when the item being transported in are less expensive than those can be acquired locally. He perceived that exchange in light of the vital of similar favorable position would be valuable for both sending out and bringing in countries. Exchange is a vital wellspring of income for the Treasury.

Kautilya boosted the utilization of taxes, both fare and import duties. Kautilya advocates pulling in outsiders who have great specialized information. He Supports the utilization of taxes, both import and fare obligations. He proposed overwhelming tax collection on those outside merchandise which are things of extravagances and then again on the articles of regular utilization light obligations were forced. Any goods and services which are exceedingly advantageous for the nation ought to be free from any import duties. He was a first person who talk about passport is necessary for cross the geographical boundaries.

#### **Taxation and Economy**

"Chankya paid supreme significance to the support of a rich treasury, which positively influenced whole exercises of the organization." He gave careful consideration to great monetary administration and the approaches to advancement every one of the parts of the economy. To him open income does not exist for the delight of the ruler however as a reserve to be used to enlarge the abundance of countries. He conceded the tax assessment is the fundamental wellspring of income. The energy of exhausting of the state is boundless however tax collection ought not be over the top

He supported that duty base ought to be expanded not the assessment rate. He scrutinized the over the top weight of charge on individuals. Kautilya used to state „King must gather charges like bumble bee, enough to maintain yet not all that much to destroy.“ Kautilya verifiably proposes a straight pay assess. He underlines decency, solidness of duty structure, monetary federalism, shirking of overwhelming tax collection, guaranteeing of assessment consistence and appropriations to support capital arrangement. He supported restricting the tax collection energy of the State, having low rates of tax assessment, keeping up a steady increment in tax collection and above all contriving a duty structure that guaranteed consistence numerous proposes of Kautilya's theory of political economy are appropriate to contemporary circumstances. In a perfect world, the government should gather charges like a bumble bee that sucks only the perfect measure of nectar from the blossom so that both can survive. Kautilya's

plan of tax collection included the components of forfeit by the citizen, coordinate advantage to the citizens, redistribution of salary, and assessment motivations for wanted speculations. He suggested assess occasion as a motivator which implies if any one brings new land under development, he ought to be exempted from horticultural duty for no less than two years. He advocates a blended economy and contended for an extremely dynamic part of government. His discourse on tax collection gave a thought of three standards i.e. tax collection control is constrained, tax assessment ought not be overwhelming and extreme and expense increment ought to be direct. He suggests an arrangement of assessment gathering and open use of income so as to develop the changeless income yielding limit of the economy. He said assess base ought to be enlarged not the duty rate. The practical relationship which talked about kautilya in Arthshashtra between the rate of pay impose and the greatness of assessment income is currently communicated as far as Laffer bend.

He pushed circuitous assessments like extract and custom obligations and direct charges as pay impose on people, riches duty, and calling charge. He additionally upheld arrive income, water expense and toll, fine and punishments. Concurring to him charge receipts can be partitioned into three sections; pay earned through duties on products created inside a nation, Income earned through duties on products created in the capital and wage earned through charges on imports and fares. He advocates that rich people should pay higher duty as per their paying limit. In thusly he thinks about the capacity to pay approach. Duty ought to be collected one of every a year.

#### **Public Expenditure and Development**

Kautilya supported that the majority of the income created from tax collection ought to be spent on gainful exercises and open welfare. He talked about various things where satisfy ought to bring about use, for example, on national guard, open organization and compensations of the clergymen, government divisions, upkeep of national storage facility and silos, support of armed forces and on the procurement of important diamonds, stones and trimmings and whatever was left ought to be saved to the treasury.

#### **Infrastructure**

Kautilya considers framework as imperative for the state advancement and furthermore extremely valuable for advancing business and exchange exercises. He recommends that state ought to put resources into transport framework. exceptionally streets with the goal that remote exchange and business exercises can be expanded thus that states income. Streets would be useful in opening up new markets for both local and imported items.

#### **Modern Time and Importance of Arthshashtra**

Kautilya, otherwise called Chanakya or Vishnugupta is a standout amongst the most acclaimed Indian political masterminds. In spite of the fact that he carried on quite a while prior, specific standards from his hypothesis are as yet applicable in

today's structure. The book, written in Sanskrit, talks about hypotheses and standards of representing a state. Kautilya showed an to a great degree key objective: administration, nation, governmental issues, and advance must be connected to the welfare of the individuals. Having talked about the some financial thoughts of kautilya, one might say that even the wording utilized in Arthshashtra may have changed yet the nature and part of state in the financial framework appear constant in all settings. Covering different points on organization, legislative issues and economy, it is a book of law what's more, a treatise on running a nation, which is applicable even today. His thoughts stay famous right up 'til today in India. He gave profitable premise to financial science. It contains exceptionally helpful monetary thoughts on remote exchange, tax collection, open consumption, farming and industry.

Great administration and strength are inseparably connected. In the event that rulers are responsive, responsible, removable, recallable, there is strength. If not, there is flimsiness. This is much more applicable in the present vote based setup. Substantial tax assessment ought to be stayed away from. In the event that duty rates are high, open won't pay the assessment and find out the methods for tax avoidance. Low rate of tax assessment will yield more income to the state. He was completely mindful that terms of exchange were relying upon financial aspects as well as on different parameters. There is no independent instrument that will guarantee that a country would profit in terms of professional career without certain shields and arrangement measures.

Social welfare is the inside purpose of kautilya's financial thoughts. The State was required to help poor people also, vulnerable and to be proactive in adding to the welfare of its subjects. The accentuation that Kautilya provided for human capital arrangement is significant in current circumstances since improvement is impractical without human capital amassing. Aside from these thoughts there are various things in Arthshashtra which is extremely significant, for example, protection of characteristic assets. Arthshashtra gives much fundamental information about financial matters, and a few of his thoughts are as yet significant.

#### **Conclusion**

Kautilya's Arthshashtra gives profitable premise to economy. It contains helpful bits of knowledge about financial aspects. It can be utilized to glen of pertinence to our chance and can be helpful to show a few current monetary thoughts. He offered an arrangement of various financial strategy measures to advance monetary improvement in the economy.

#### **References**

1. Aseem Prakash, *State and Statecraft in Kautilya's Arthashastra, A paper presented at the Fall Semester Mini-Conference organized by the Workshop in Political Theory and Policy Analysis, Indiana University, Bloomington*
2. Balbir S. Sihag, (2004) "Kautilya on the Scope and Methodology of Accounting, Organisational

- Design and the Role of Ethics in Ancient India, Accounting Historians Journal, Vol 31, No-2.*
3. Balbir S. Sihag, (2009) "Kautilya on principles of taxation", *Humanomics*, Vol. 25 Iss: 1, pp.55 – 67, Emerald Group Publishing Limited.
  4. Binayak Ray, *India: Sustainable development and Good Governance Issues*, Atlantic Publications
  5. Clem Tisdell (2003), *A western perspective on Kautilya's 'Arthasastra': Does it provide a basis for economic science? Working Paper on Economic Theory, Applications and Issues.*
  6. Hemanta Saikia, *Contemporary Indian Economy: Review of recent trend and debates over development*, *Journal of Economics: Vol-IX (I) , 2012-2013*
  7. <http://www.hinduism.co.za/chanakya.htm>
  8. Nanda Lal Darnal, *Kautilya's Arthashastra and Economic Development: An Analytical Study on state's Role in Modern Perspective.*
  9. Prof. P. K. Chaubey, *Contemporary Economic Issues in India. BHARTI PUBLICATIONS, 2018*
  10. Satish Deodhar, *Indian Antecedents to Modern Economic Thought*, December 2018
  11. Shamasastri, R. 1960. *Kautilya's Arthasastra. Mysore: Mysore Printing and Publishing House.*
  12. *Summary on Kautilya's Arthasastra: Its Contemporary Relevance Published by Indian Merchants' Chamber (2004)*
  13. [www.bharatdesham.com](http://www.bharatdesham.com)
- Footnotes**
1. Prof. P. K. Chaubey, *Contemporary Economic Issues in India. BHARTI PUBLICATIONS, 2018*
  2. Satish Deodhar, *Indian Antecedents to Modern Economic Thought*, December 2018
  3. Hemanta Saikia, *Contemporary Indian Economy: Review of recent trend and debates over development*, *Journal of Economics: Vol-IX (I) , 2012-2013*