

## Economic strategy of Chanakya: in significance of Modern Era

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### Abstract

The traditional ends of human life, Dharma the righteous living, Artha the material well-being, Kama the enjoyment of sensual and artistic things, and Moksha the freedom from the birth-death cycle the entire depart together, and delight of a full life was thought to be impossible without any one of the above ends. From these, Artha occupies a key place in human life. Kautilya, the foremost economic thinker of ancient India, treated economic topics along with political matters in his Arthashastra. Arthashastra is a treatise on political economy interpreted in its broadest sense. Although the accurate date of its completion is unclear, the available evidence suggests that it was written somewhere between 321 and 286 BC.

Santi Parva of the Mahabharata gives another source of ideas on economic matters was, the epic wherein advice concerning the accumulation and distribution of wealth was interspersed with advice on how to run a country.

**Key words:** Money, Commodity, The Acquired Wealth, Public Or Private Property, Dharma, Artha, Kama, and Moksha Introduction

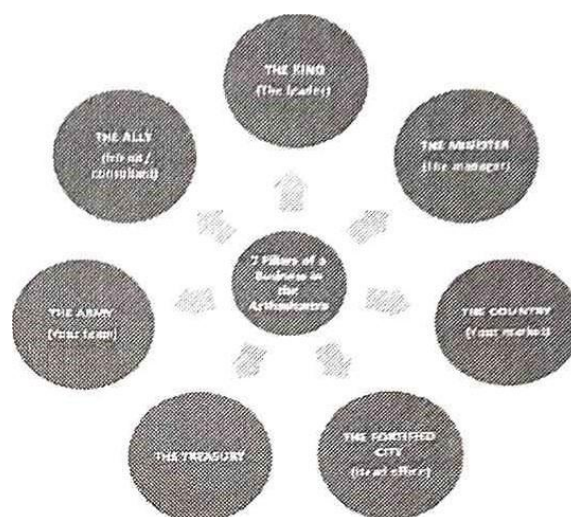
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"The constituent elements of the state are the king, the minister, the country, the fortified city, the treasury, the army and the

The Chanakya Economy

The Arthashastra divides the economy of the state into three basic types of the activities agriculture, cattle rearing and trade. Chanakya elucidated the 7 Pillars of a Business in the Arthashastra



### THE KING (The leader)

All great organizations have great leaders. The leader is the head who visionary, the man who guides the organization as a captain. Now a day's the Director CEO, etc, in corporate world similarly the King.

**THE MINISTER** (The manager)

The second-in-command of an organization is the manager who runs the show. In the absence of the leader the organization depended upon manager. The man who is always in action is a manager.

**THE COUNTRY** (Your market)

No business can exist without its market capitalization. It is the area of your operation. The place from where one can get revenue and cash flow.

**THE FORTIFIED CITY** (Head office)

Head office is a place from where all planning and strategies are made. A place from where the central administrative work is done. It is the nucleus and the center of any organization.

**THE TREASURY**

Finance is an extremely important resource. It is the backbone of any business. any organization is a strong and well managed treasury.

**THE ARMY** (Your team)

At times war, a well-equipped and trained army is needed. The army consists of your team members. People who ready to fight for the organization. Add team with the salesmen, the accountant, the driver, the peon all of them.

**THE ALLY** (friend / consultant)

In life one should have a friend who is just like him. He is the one whom he can depend upon when problems arise.

**Chanakya 's top Fourteen economic ideas:**

1. **Wealth**
2. **Varta**
3. **Agriculture and Animal Husbandry**
4. **Labour**
5. **Trade**
6. **Value**
7. **Population**
8. **Slavery**
9. **Welfare State**
10. **Public Finance**
11. **Town Planning and Social Security**
12. **Private Property**
13. **Justification on Interest**
14. **Consumption and Production**

1. **Wealth:**

The concept of wealth as held by Chanakya was very wide in its scope. To him, wealth included money, commodity, the acquired wealth, public or private property, precious metals, the accumulated wealth, negotiable and transferability and the power of appropriation.

Chanakya also incorporated labour and forest produce in wealth. "Wealth is to be acquired grain by grain, as learning is to be acquired every moment recognized by Chanakya Acquisition of wealth is always beneficial if it is acquired for the sake of a good wife, a son or a friend or for giving away charity".

was earned through proper means, and also he thought that accumulation of wealth was a safe method for protecting the people against famines.

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2. **Varta:**

Varta means the science of national economy. Chanakya incorporated agriculture, animal husbandry and trade in Varta. Varta was the roof of the world, a thing which was most essential for economic stability as per Mahabharata.

**3. Agriculture and Animal Husbandry:**

Agriculture and Animal Husbandry formed the important components of Varta. They were considered as the essential sources of new wealth. The people adopted Agriculture

which was given the pride of place among the occupations.

Nobody by birth was a Brahmin or Kshatriya or Shudra. It was on the basis of their occupation that they are distinguished from one another. In Chanakya's Arthashastra Agriculture occupies a place of first stage importance. Land revenue was treated as the largest source of State income. The art of agriculture reached a high degree of perfection and our ancient scholars well understood the minutest details of agricultural techniques. They have mentioned in their books, rotation of crops, intensive and extensive cultivation, large and small scale farming, use of fertilizers, crop diseases and their eradication, irrigation by rivers and tanks, cattle farming, seed selection, evils of the fragmentation of holdings etc.

**4. Labour:**

The ancient sages appreciated the dignity of labour for 100 years. Manu and Chanakya have dealt with the methods for the regulation of wages and for the settlement of disputes between employers and workers. Chanakya did not recommend slave labour. But hired labour was there. Chanakya had laid down a code of labour discipline. For instance, he

suggested that a wage worker who abandoned his work before the term had expired, was to pay the whole amount of stipulated wages to his employer and a fine to the King.

**5. Trade:**

Gold and bullion was regarded as a means of producing wealth, and trade was the sum of industrialized capital. Chanakya devoted a good deal of attention to the problems of trade such as regulation and development of trade by the state and the different taxes to be levied on the commodities that entered into trade.

Chanakya advocated state trading in certain commodities through departmental agencies. Chanakya advised the state to build rest houses and store houses for the caravans of traders for whom police escorts were recommended. Also trade was approved only when the supplies of commodities were left over after satisfying local needs.

**6. Value:**

The ancient thinkers of India appeared to have several ideas on value which are relevant to modern times. The value of each commodity according to time and place but there can be no value (price) of that which is incapable of being exchanged. Again whatever one pays for obtaining a thing must be taken to be the cost.

**7. Population:**

The ancient thinkers had no fear of growing population. The Vedas were for more married couple. The high death rate due to constant wars between small states and loss of life due to the inadequate medical facilities was the reason to population grows.

**8. Slavery:**

In Ancient India, a slave was treated as a member of family, and was not asked to do a degrading work. A slave was a hereditary domestic servant who could not use his personal earnings and could not own property. But economically he was better than a hired labourer. Slaves could not be employed by

Buddhist monks. Megasthenes noted down that slavery was unknown in ancient India because in ancient India all slaves were as good as others.

**9. Welfare State:**

The ancient Indian writers had a clear idea of the welfare state. According to Shukracharya, the state is a tree of which the king is the root and the counselors are the main branches, the commanders are the lesser branches, the armies are blossoms and flowers, the people are the fruits and the land is the seed". The same idea has been echoed by Chanakya, "In the happiness of his (king's) subjects lies his happiness, in their welfare, his welfare". Chanakya considered the state was to encourage the economic welfare of the people and fully regulate its economic life. The state had to give subsidies for the development of trade; agriculture/ irrigation, mines, cattle welfare etc.

## 10. Public Finance

### **Economic Functions of State:**

Chanakya's concept of state is originated on industrial structure. According to him, there are guiding principles for the state, first, the

state should undertake those industries which help directly in making the nation self-sufficient and self-reliant, and e.g., gold, silver, diamonds and iron and other metals should be in the charge of the state. Secondly, the activities related to farming, spinning and weaving, arts and crafts should be left to the individuals and the right of the ownership should be recognized. **He divided income from taxes into the following three kinds:**

- (a) Income from taxes on commodities produced in the country.
- (b) Income from taxes on commodities produced in the capital and
- (c) Income from taxes imposed on imports and exports.

The usual import tax was 20 per cent which varied from time to time in case of precious stones and rare commodities. Heavy taxes were imposed on the importation of luxury goods. The policy of the state was to discourage the import of luxury goods and those which were harmful for the welfare of the State. Kautilya suggested an-efficient machinery for audit. Two principals were followed in connection with the realization of taxes:

- a. Taxes should be levied according to the ability to pay.
- b. A tax should be levied once a year, and should not prove burdensome

Sources of Revenue included taxes on land, forests, monopoly and property, customs and excise duties, fines, profits of state, factories and crown monopolies, from manufacture and sale of saffron, salt, intoxicants, trade in horses, fine wool and elephants and port dues, road tolls, fruit and tree tax etc.

Similarly public expenditure included public administration, defence, salaries of ministers, Government departments, maintenance of national store houses and granaries and acquisition of valuable-ornaments, gems and precious stones. Whatever amount was left unused, was deposited either with the treasury or the war chest.

## 11. Town Planning and Social Security:

Town planning included the reorientation of main roads and streets and the subdivision of city areas. The villages were grouped together from the point of view of economic necessities and for national defense. After a detailed and careful planning, and due emphasis was laid on the maintenance of sanitation and prevention of fire for establishment of the metropolitan city. Chanakya believed that it was the prime duty of the state to set up charitable institutions and poor houses. Further, the state should protect the weak and the aged, to provide jobs to the unemployed.

## 12. Private Property:

The eight sources of property were recognizea were gift, conquest, inheritance, partition, purchase, gain of agriculture and trade, discovery and seizure. The owner of land on which a treasure was discovered, could get the large share of it, not the whole of it.

## 13. Justification on Interest:

Though interest was justified in ancient India, no interest was allowed on the mortgaged property. The rate of interest was also varied from class to class depending upon the purpose for which money was borrowed, economic resources of the borrower etc. The same were the considerations for charging compound rate of interest. Interest was part of profit in those days. If a loan made in kind or money was to be returned in kind, interest did not exceed half of the money value of the original capital.

## 14. Consumption and Production:

For consumption purposes, family was regarded as an economic unit. Dharma, Artha, Kama, and Moksha were four ideas of Consumption. The individual was subordinate to the family or the community. As far as production was concerned, the four agents of production namely, land; labour, capital and organization were recognized. The main source of wealth was Land. The importance of labour was also duly recognized. "An employer nottaking work from his labourer, or an employee not doing his employer's work, should be fined". The ancient writers believed that the accumulated wealth, earned through hard labour was sufficient for a man's life.

Conclusion:

Religion, ethics, philosophy, law, politics and public administration were the combined study of economics. According to Chanakya, the study of four sciences namely, philosophy, ethics, economics and politics was combined together and was essential for the salvation of individual. The economic teaching emphasized a moral

life. The state was responsible for the economic prosperity of the people. The social equilibrium was maintained by the system of

Moral sanctions and religious ideals were governed the Economic life as well as thought in ancient India.

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