

A Study on the Relevance of Koutilya's Economic Ideas in The Modern World

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Abstract

Arthashastra, a great epic of political economy written in the 4th century is a fantabulous work even today the relevance of that book cannot be ignored. He must be given a prominent place among well known economists. Unlike Adam Smith and other western economists Koutilya did not become famous and called as economist of modern world. Though his thoughts and ideologies are equally important with the ideologies of western economists and today many universities in India have also forgotten to include his book in the curriculum.

The present study has used the following methodology

- *Type of research* : *both descriptive and analytical*
- *Sample size* : *70*
- *Study area* : *Mysore*
- *Data* : *This study is based on both primary and secondary data.*

For analysis purpose primary data has been used.

Both interview and questionnaire methods have been used.

- *Sampling technique* : *Convenient sampling method*
- *analytical tools* : *Five point Likert method, frequency method, Tables and graphs*

This paper has made an attempt to understand the relevance of the neglected economist of ancient India i.e. Kautilya of the fourth century B.C and it has also made a primary investigation by collecting information from the respondents from different areas of Mysore and Bengaluru cities of Karnataka about the familiarity of Koutilya and his economic ideas. This will surely pave the way for conducting empirical research in future.

Keywords: *Kautilya, Arthashastra, India's Pioneer Economic Adviser, Mysore and Bangalore*

Introduction

A great epic, Arthashastra is an ancient Indian work on economic policy and political ideologies written in the divine language Sanskrit. It is identified with the name Chanakya or Kautilya (around 300 BC), who was a genius student of Nalanda university and eminent professor of Takshashila later and the guide of a king Chandragupta Maurya,

Chanakya was the source inspiration behind the emergence of the first Indian Empire i.e. Maurya Samrajya. Arthashastra consists of 15 chapters, 380 Shlokas and 4968 Sutras. Undoubtedly this book is the first ever book written on statecraft and effective economic tools. But unfortunately, India lost this work after the fall of Gupta dynasty but later this great epic was rediscovered in 1904 by Sri. R. Shamasastri.

Chanakya was India's Pioneer Economic Adviser, the best statesman, philosopher, chief advisor and Prime Minister of Maurya dynasty. He was brilliant in diplomacy and government administration and he worked as a professor of Political Science and Economics at the University of Takshashila. He was the first who explained espionage system systematically. This paper has made an attempt to understand the relevance of the neglected economist of ancient India i.e. Kautilya of the fourth century B.C and it has also made a primary investigation by collecting information from the respondents from Mysore and Bengaluru cities of Karnataka about the familiarity of Kautilya and his economic ideas. This will surely pave the way for conducting empirical research in future.

Objectives

The present study is based on the following objectives. They are as follows,

- To study Kautilya's economic views in Arthashastra.
- To understand the relevance of Kautilya's economic thought in the modern world
- To analyse the familiarity of Kautilya and Arthashastra in a study area.

Methodology

The present study has used the following methodology,

- Type of research : Both descriptive and analytical method
- Sample size : 70
- Study area : Mysore
- Data : This study is based on both primary and secondary data.

For analysis purpose primary data has been used.

Both interview and questionnaire methods have been used.

- Sampling technique : Convenient sampling method
- analytical tools : Five point Likert method , frequency method, Tables and graphs.

Table No 3.1 Demographic Profile of Respondents in the Study Area

1	Education	Postgraduates	60	85.7
		Graduates	10	14.3
		Total	70	100
2	Job	Students	52	74.3
		Teachers/Assistant Professors	18	25.7
		Total	70	100

The above table shows educational and occupational status of respondents. From an education point of view 85.7 percent of respondents are Postgraduates while 14.3 percent are Graduates. In the above table there are 70 respondents, among them 74.3 percent of respondents are Students, 25.7 percent of respondents are Teachers/Assistant Professors in the study area.

Relevance of Economic Ideas of Kautilya

Usually an economy fails when its economic policies are not properly designed and implemented. Proper implementation of economic policies directly depend on the efficient and able governance.

No doubt that, Kautilya's Arthashastra guides on the productive resource management, progressive taxation, efficient tax imposition, surplus or balanced budget and also highlights economically-oriented political activities in a state. He has explained so many economic ideas but the present study has taken few of them for the description.



Figure 4.1 Kautilya's Economic Ideas

Kautilya's economic ideology has not become popular in Western world on the other hand, even his work is not well known to his own country. He was the first economist who talked about well-regulated capitalism, he was in favour of a profit-oriented system. He opposed the exploitation on poor people and suggested the king to make an attempt to bring economic equality with well regulated capital mechanism and healthy competitions among citizens.

Swedish economists Heckscher and Ohlin said that, a country exports goods by using their abundant and cheap factors of production but, Chanakya explained this 2300 years ago and he advocated import and export duties between 4 pernt and 20 percent.

He opined that foreign trade could increase the progress and wealth of the trading countries and he was in favour of open economy model. He regulated the trade of alcohol and prostitution but did not prohibit. He knew that good economy is the result of good governance so he recommended efficient wages, promotion for soldiers and public workers. Kautilya was first to support labour welfare and to introduce the wage which was more than the market wage. According to him efficient and attractive salary prevents workers to get temptations or bribe from the enemy states.

Kautilya also talked about risk and uncertainty even before Neumann and Morgenstern. According to him risk lovers reach the higher levels of profit and interest. He also opined that, optimism among traders increase the wealth of the nation. Kautilya had also described about modern concepts of demand and supply and the determination of price. kautilya emphasized on the equilibrium price which can maximize the welfare of consumers and producers. He also advocated that, taxes should be equitable in nature. Kautilya mentions "KOSHA MOOLA DANDA NYAAYA" in the first chapter of Arthashastra. His work covers different types of taxes including sales tax, export and import duties, defense tax, income tax, wealth tax etc. According to him king should not levy heavy and excessive taxes on his people and he also suggested that, tax rates should not exceed 16 percent to 20 percent of the economic activities. Kautilya in one of his shlokas explained that, the king should act like a bee while collecting tax and he should not cause any pain to his people leke a bee collects honey from a flower.

Now COVID-19 situation is going on.the spread of COVID-19 has slowed down the entire world economy. At this juncture the question arises in our mind that "does the Arthashastra of Kautilya

provide suitable solution for economic recovery?” Yes, it does, Kautilya in his work has talked about natural disasters and epidemics. He has explained about 8 types of disasters namely, Agni -Fire , Udaka -Food, Mooshaka-Rat, Sarpa-Snake, Vyadhi-Epidemics and Pandemics, Durbhiksha-Famine and Draught, Vyala -Wild animals and Rakshasa- Evil spirits. He has designed a plan for disaster management 2300 years ago. His concept of disaster management is as potential as modern techniques

- he highlights the importance of the construction of secret warehouse and grain dams in king’s place
- He recommends the rehabilitation centers for aged people, patients and children during epidemics
- He advised the king to provide monetary support to individuals during disasters and said “ PRAAJA SUKHE SUKHAM, PRAJANAM CHA HITE HITAM” that means, king’s happiness lies in the happiness of his people therefore king should treat his people like his children.

Analysis and Interpretation

Kautilya’s economic ideas provide a picture on the ancient Indian wisdom and the art of state craft. It consists of many timeless economic concepts. Certainly the economic ideology of Kautilya brings enrichment and prosperity to the contemporary world. But many people in this country are unaware of his thoughts. In this context 70 respondents from Mysore and Bengaluru cities have been questioned about Kautilya and his relevance of economic ideas.

Table 5.1 Do You Know about Kautilya?

Opinion of Respondents	Numbers of Respondent	Percentage
Yes	62	88.6
No	08	11.4
Total	70	100

Source: Filed Survey

The above table depicts that out of 70 respondents. 88.6 percent of respondents know about Kautilya and remaining 11.4 percent of respondents are not familiar with this great legend in the study area.

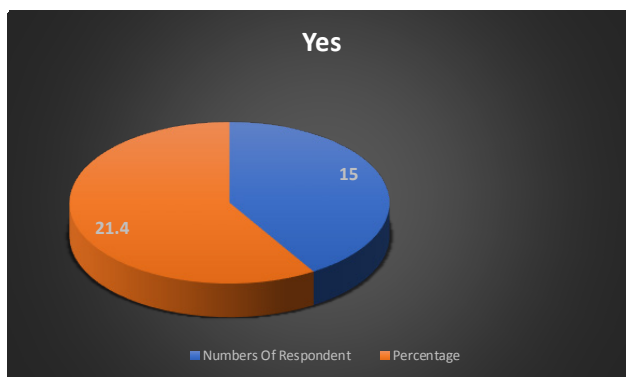


Table 5.2. Have You Studied about Koutilya?

Opinion of Respondents	Numbers of Respondent	Percentage
Yes	15	21.4
No	55	78.6
Total	70	100

Source: Field Survey

It is clearly stated in the table and a diagram that, only 21.4 percent of respondents have read about Koutilya and 78.6 percent of respondents are familiar with his name but have not studied anything about him.

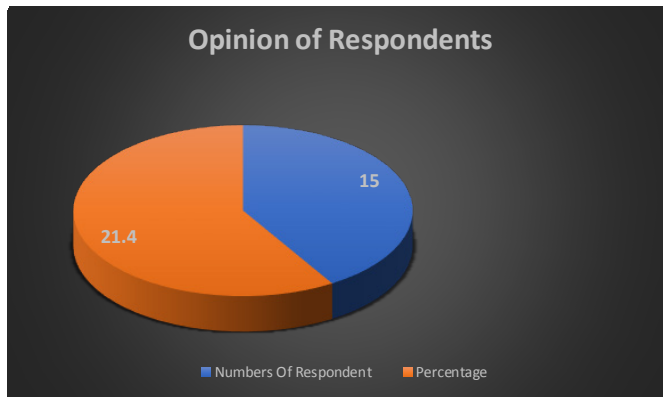


Table 1.7 Do You Say Koutilya’s Economic Ideas are Relevant Today?

Perception of Respondents	Numbers of Respondent	Percentage
Strongly Agree	06	8.6
Agree	11	15.7
Don’t know/Can’t say	50	71.4
Disagree	02	2.9
Strongly Disagree	01	1.4
Total	70	100

Source: Field Survey

The above table indicates that, 8.6 percent of respondents strongly agree that koutilya’s economic ideas enhance the choices of administrator and help economists stronger to face any problems while making economic policies, 15.7 percent of respondents agree, 71.4 percent of respondents have not expressed their views, 2.9 percent of respondents disagree and remaining 1.4 percent of respondents strongly disagree the relevance of koutilya’s thought in the modern world.

Conclusion

The above analysis shows that, respondents in the study area know about Koutilya but majority of them have not studied about him therefore 71.4 of respondents have not said anything about Koutilya and his economic ideas. It is the responsibility of educational institutions and Government to make the young generation to read about Koutilya because, entire world is admiring his intelligence and ideas but people from his own country do not know him properly and this is really a tragedy of

India. Arthashastra is a classic work which contains a set of guidelines for the management of an economy. Though Kautilya's thoughts and ideologies are equally important with the ideologies of modern economists he did not become famous and called as an economist of modern world and today many universities in India have forgotten to include his book in the curriculum. Therefore, he must be given a prominent place among well-known economists of the world.

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