ECONOMIC IDEAS IN ANCIENT INDIA.
BEFORE KAUTILYA
Economic Ideas in Ancient India Before Kautilya

by:

BANKEY LAL SHARMA
M.A., M. Com., Ph.D.,

Ramanand Vidya Bhawan
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PREFACE

India was known for her sciences like Medicine Astronomy, Philology, Philosophy etc. long before the advance of civilisation in the west. The ancient Indian writers and thinkers have touched almost all the aspects of human life and the old Sanskrit works speak volumes of highly developed civilization and culture. Unfortunately their economic ideas have not been brought to light it is considered that the modern Economics is essentially the gift of the west. As a student of Indian Economic thought I have been gascinated by some of their principles and theories and I have been pained to see that the modern historians have ignored them deliberately or out of their ignorance.

The present work is the outcome of about ten years of my serious study and labour. I was handicapped by the limited resources of my disposal and it was not possible to visit all the places where I could find material relevant to this work but I tried to visit as many places as possible. For the compilation of this book I had to read the ancient texts like the Vedas, Brahmanas, Aranykas, Sutras, Upanishads and also the works of ancient thinkers like Panini, Yajnavalkya, Mannu, Sukra, Parasara, Vedvyas, Kautilya and Kamamdas etc. but these works have referred to many other writers whose works are now not available. Therefore, it is necessary to unearth this hidden treasure. In fact it is an herculean task and infails a lot of time and money. I am confident that it will be accomplished by some government bodies and organised institutions.

I am grateful to all those writers and thinkers whose works and ideas have been extensively used by me. My thanks are due to all my teachers and friends who inspired me for taking up this topic for my study. I owe my gratitude to Dr. M.C. Chaturvedi, Reader and Head, Department of Economics, K.R. Postgraduate College Mathura who helped me while I was immediately depressed. Dr. S. B. Singh, Proprietor of Ramanand Vidya Bhawan also deserves thanks for bringing out the book in a short span of time.

Mathura

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Dr. B.L. Sharma
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Introduction

Importance of Indian Economic Ideas:

The first and foremost problem before mankind is to exist in the midst of uncongenial circumstances and limited means to protect himself. He has at once a will to live and the hostile forces are out to destroy him. Naturally man collects and utilizes the means and tries to exist with their help. For this he has to make efforts which we can call his economic behaviour.

With the evolution of society the economic behaviour becomes more complex and complicated. Later on the problem before him is not simply to exist but to have a meaningful fruitful life and with this arises the need of more numerous and more refined means for the fulfilment of his ideals. The economic behaviour gradually becomes more complicated but in essence remains a totality of efforts and activities by which he tries to live according to the new ideals and aspirations.

An economic idea is a human thought which reflects the economic behaviour of mankind. Such an idea can assume a number of forms. It can be a generalisation that shows how a particular activity takes place and in that case it is generally called a positive economic idea. A positive economic idea can further be sub-divided into two categories—firstly, it can be a scientific idea in which a universal relationship between a particular cause and a particular effect is expressed. In the second place it can be just a generalisation in the form of uncontradicted universal observation. Obviously, the second form of economic idea is less valuable than the first. Finally an economic idea can be in the form of a precept or ideal which is to be realised in the economic behaviour.
The history of economic ideas is as old as the history of man's rational life. Man has a natural tendency of observing the environment and his own role in the environments. Throughout the ages man has observed how he has reacted to the different stimule and his observations which later on developed into experiments gave birth to a number of human and social sciences like Sociology, Psychology, Political Science, Ethics and Economics etc. In our country also the thinkers and scholars have made such observations and put them on record which were passed on the coming generations as our cultural heritage. They wrote a lot of things about economic behaviour in ancient times. The purpose of present work is to compile the economic ideas of the ancient seers, thinkers and scholars and to classify and analyse them and to assess their relevance in the present times. The present study is inspired by the gross injustice done to the Indian writers of the ancient times by the modern historians of Economic Thought. In the present historical books the ancient thinkers have been ignored altogether and if any body has mentioned them at all the treatment is superficial and betrays lack of understanding not only of our economic ideals but our entire cultural outlook. In the text books of history of economic thoughts no historian worthy of name has cared to write about the economic ideals of ancient Hindus in detail. L. Robins in his history of Economic Thought describes only a few ideas of ancient Hindus. Time has come when the Indian economic ideas should be discovered and explained in a scientific manner. It is in the fitness of things that the Indian Economic Thought must be given a place in the history of economic ideas.

Some work has been done in this direction. It was Sham Shastri who unearthed Kautilya's Arthshastra and when it was published in English it created quite a stir among the historians of economic ideas. With its publication the attention of the world was drawn towards Indian scriptures and it was realised by many at home and abroad—that there are still many things even in the

fields of economics which India possesses and which are not known to the world. Since then a number of books were written about Kautilya and other writers. However, it was felt that we must look for other economists before Kautilya. It was precisely for this reason that the period selected for this study was ancient India before Kautilya.

Although we selected this period but we knew the difficulties of exploring the unexplored dark period of history. The economic ideas are lying scattered in the scriptures, legends, edicts, epics and other such things. A large number of these items of great historic importance have been lost or deliberately destroyed. The ancient economic ideas are still buried in thousands of manuscripts in the possession of people not only in our country but also other countries. While hunting for these books we realised that it was a Herculean task and with the limited resources at our disposal it was nothing but a sort of wild goose chase. And yet the task was not only of great value and importance but also most fascinating and challenging. We have spared no effort in this direction but in view of limited time and resources at our disposal we have decided to declare whatever we have found. Although we feel that many more gems of far greater value are still hidden in the past history waiting to be unearthed by more powerful people later on.

Economic System Versus Economic Ideas:

Many earlier works on this subject have not carefully distinguished between economic system and economic ideas and they have confused the two things. The distinction between the two is obvious and their respective sources of information are also poles apart. Some writers while discussing the economic systems of ancient India have quoted the Vedas, the Mahabharat, Shukra, Brahaspati, Kautilya, Kamandak etc. In our opinion all the above works describe the economic ideas of the ancient Aryans and not the economic systems which they describe. Kautilya discusses the tax structure of a kingdom but we cannot assume that his plan was ever put into practice by any ruler. In order to ascertain the actual
administrative and financial set up of Chandragupta Maurya we shall have to study other sources of information like the work of Magasthnes. So is the case with scriptures like Mahabharat. There we find ideas and not the description of the system. In fact there are many things in the Mahabharat or Ramayan which are imaginary and fantastic. The Mahabharat for instance describes aeroplanes, journey to moon and other stars, destructive weapons unknown even today, persons having physical strength of thousands of elephants, armies of several thousand crores of warriors and so on. No modern rational man can believe that such things ever existed in early history of mankind. The approach must be scientific based on the belief that civilization evolves upward and not downward. We, however, do not rule out the possibility of temporary set backs in the evolutionary progress of the society. India, for example, had its cyclical set back when foreign invaders conquered it and checked its progress for several centuries.

And yet we believe that the Vedas and Scriptures are valuable sources of information of economic ideas. In the Mahabharat, for example, we find a very detailed and minute discussion of public finance and many ideas are relevant even today. This is the case with Kautilya's Arthashastra also. His treatment of some of the economic problems of the society is worth emulating even today.

In our study we have tried to keep the two subjects different from each other. It is a study of economic ideas and not of economic system, therefore, we have drawn on the relevant sources of Vedas, Brahmans, Upanishads scriptures etc. We, however, recognise the relationship between economic idea and economic system. In certain cases an economic idea takes the form of an economic reform but one can exist without the other.

There are certain books which describe not only the economic system but also the economic ideas. Panini's Ashtadhyayi is such a work. A close study of this great work gives a detailed and graphic idea of the social structure of India during the life of Panini.
in the 5th Century B.C. Infact many important books of history have been written on the basis of Ashtadhyayi. One outstanding work is by Dr. Vasudeo Sharan Agrawal.1 Another work worth mentioning is 'Panini' by Gold Stucker. But there are many Sutras in the Ashtadhyayi which prove the incisive analysis and grasp of social and political matters by the author. We place them in the category of economic ideas.

We should also remember that the Indian society before Christ was much different from what it is now. There were very few means of transport and communications. The country was divided into a large number of kingdoms frequently at war with each other and the society was divided into numerous fractions and tribes. The rule of law was confined to the capitals and big cities of kingdoms. The common village folk were ruled by the nobles and war lords and the priests of the villages. In a society like this it is difficult to imagine that the noble ideas of the Aryans could ever be put into practice.

Chronology and the Sources of Information:

The students working on ancient literature have to face great difficulty. One is to ascertain the chronological order of the writers, thinkers and the ancient text and the other is the verification of the authenticity of the text. There have been too many contradictory opinions in respect of both the problems and even now it is almost impossible to work out a satisfactory solution. The period we have selected for our study is before Kautilya but even Kautilya and his Arthashastra are not above all controversies. There are many theories about Kautilya and the historians are not yet sure whether Kautilya, Chanakya and Vishnugupta are the names of the same person or not. There are people who believe that they are the names of different persons and Kautilya is the author of Arthashastra while Chanakya is the author of Chanakayaniti which have nothing common in them. There is another theory that Kautilya, the author of Arthashastra had nothing to

1. Dr. Agrawal, Vasudeo Sharan, India as known to Panini.
do with Chandragupta whose period of rule is pin pointed more or less. Chandragupta Maurya ascended the throne in 321 B.C. and ruled till his death. If Kautilya who was his minister was also the author of Arthashastra, he wrote this book some where in the Fourth Century B.C. Shri R. P. Kanglay has discussed the various opinions about Kautilya, Chandragupta and Arthashastra very elaborately in the third part of his work 'The Kautilya Arthashastra'.

The difficulty is that Kautilya does not mention the name of Chandragupta or his capital Pataliputra in his work even once. This creates doubt whether it was the same Kautilya who made Chandragupta, the ruler of Magadh which was formerly under the rule of Nand dynasty. But it was possible that Kautilya wrote this much before the coronation of Chandragupta and it was his work meant for practical guidance to rulers in general and not to Chandragupta alone. Shamshastri himself believes that Vishnugupta was the actual name of Kautilya and since he was the son of Chanak he was called Chanakya. Kautilya was perhaps his Gotra. The later Sanskrit literature has mentioned Kautilya Arthashastra. Vishakh Dutt in 'Muda Rukshasam' mentions that Chankya and Kautilya are the same.

The Sanskrit literature of the later centuries writes about Kautilya at a number of places. According to Hem Chandra Kautilya was known by a number of names. His real name was Vishnugupta and his father's name was Chanak. Therefore, he was also called Chanakya. Besides he was also known as Dramil, Gul, Vatsayan, Mallag, Pakshil Swami etc. Bhojraj in his Nam Mallika attributes some other names besides the one's mentioned.

2. बिभू मुलत्सु कौटिल्यविचारकोर्ण ध्रामिलोगुलःः।
   वाससायनो मल्लनागः पाणिल स्वामिनावपि।
   वाससायनो मल्लनागः कौटिल्यविचारकालमःः।
   ध्रामिलः पाणिलः स्वामी मुलत्सुगुलश्च स। हेमचन्द्रः
by Hem Chandra. He says that Kautilya was also called Punarvasu, Katyayan and Varanak. These books and many others prove many things. In the first place, Kautilya the writer of Arthashastra was also called Vishnugupta and Chanakya. Secondly, as a scholar of Arthashastra and Dandniti he was the most illustrious figure throughout the post-vedic period. The Jains have condemned him for his pragmatic and to some extent unethical approach to the political and economic problems of the society. There is atleast one reference in the Arthashastra which proves that Kautilya, the writer of Arthashastra was also the destroyer of Nanda dynasty. At the close of the Arthashastra Kautilya writes, "This book with its commentaries is written by Vishnugupta who in his anger destroyed the kingdom of Nand Raj and liberated the people from the misrule. He has also revived the power of arms and wisdom."  

It is also significant to note that Kautilya is credited with writing many other books besides Arthashastra. He is also the author of Chanakyaniti and Chanakya Sutras both of which are valuable sources of information. However, in Chanakyaniti and Chanakya Sutra no where we find the name Kautilya mentioned. Kamandak in Nitisar which was written in 5th Century A.D. writes a few verses in his work which throw some light on Kautilya. Kamandak writes that he salutes Vishnugupta, the greatest.

1. काश्यायनो वरङ्चिर्मिश्रित्य पुनर्वसुः।
काश्यायनस्तुकौटिल्यो विश्नु गुप्तो वराणक:।
द्रामिल पातिल स्वामी मल्लनागो गुलापिष्ठि ह।
मोजराज नाम महिलाका

2. चेतन शास्त्रं च शर्मं च नंदराजगता च मूः।
अमर्थव्यथेऽ छतात्यायाः तेन शास्त्रमिंद्र कृतम्।
कौटिल्य अर्थशास्त्रः—वाच्यपति नरेशा, प्र० १४४

3. According to Mahamahopadhyaya Ganapati Shastri, Kamandak was a lady. Her name is also mentioned in Malti Madhava written by Bhavabhooti. But the sex of Kamandak is still a subject of controversy. One Kamandak is mentioned in 123rd Chapter of Shantiparva of the Mahabharat and he too was a great scholar of Arthashastra.
Economic Ideas in Ancient India

scholar of Ethics and Arthshastra who destroyed Nand and assigned the earth to Chandragupta. These verses prove beyond doubt that Vishnugupta the minister of Chandragupta was also the author of Kautiliya Arthshastra. We have reasons to believe that Arthshastra was written some where near 340 B.C. This date is then a landmark in our search for chronological order of the texts before Kautilya. Our method of determination of chronological order is simple. Acharya Brahaspati has mentioned the names of Baudh and Jain thinkers. This proves that Brahaspati’s Arthshastra was written after Budha and Mahavir. We have tried to follow this method but even this method does not help in all cases.

Our sources of information are the four Vedas, the Upnishada written before Kautilya, the Brahmans and the Smritis and puranas as well as Epics written before 340 B.C.

The Vedas are not merely the earliest scriptures but also the basis of entire Hindu culture, literature and thinking. In same of the texts the Vedas are referred to as the Trinity meaning Rigveda, Samveda and Yajurveda. Elsewhere four Vedas are mentioned including the Atharveda. The Vedas are divided into two parts: the first consists of hymns or Mantras, the other part is called Brahmans. The old Grihya Sutras have defined the Vedas as the scriptures comprising Mantra and Brahmans. The Brahmans are a sort of commentaries on Mantras and books of practical guidance for Karmakand and Yajna etc. The Brahmans

1. यस्यमिचार व्याख्यान वज्रचलन तेजसः ।
   पपात मूलतः श्रीमानु सुपरमाँ नन्दनवर्तः ।
   एकाकी मन्त्रभक्त्य यः शक्त्या श्रवित वरोपमः ।
   आज्ञाहार तुच्छद्राय चन्द्रगुप्ताय मेदिनीयम् ।
   नौराज्ञातास्मु श्रीमान्यस्मात्स्म नहोदयेतः ।
   समुद्रकोणे मस्ताबृम भवेतेन गृहाय वेदेने ।
   कामाद्य कौमिजार १२४३,६

2. मंत्र ब्राह्मण विद्याविषयकते—वौषध्यं शून्यसः
   अध्याय पुरस्मातासि: ब्राह्मणादिनः—कौषीतकः सूतः
are further sub-divided into Brahman proper or Karmakand, Aaranyak or Upasanakand describing devotional methods and Upanishads or books of knowledge.

According to Patanjali the writer of the Mahabhashya, the four Vedas are divided into 1131 branches. There were 21 branches of Rigveda, 101 of Yajurveda, 1000 of Samveda and 9 of Atharvveda. It is significant to note that out of them only 16 branches of four Vedas are now available. The chronology of four Vedas is a highly controversial issue. Although it is now generally agreed that the Vedas are the oldest literature in the world but the exact period of their composition is not yet certain. According to Max Muller the Vedas were composed in 1300 B.C., according to Jaicobi in 4500 B.C., according to P. V. Kane between 4000 B.C. and 1000 B.C. and according to A.C. Dass 2500 B.C. There is, no doubt, about the fact that some parts of the Vedas were formed atleast in 10000 B.C. What ever is the period of the Vedas it is definite that they are the oldest Sanskrit texts available and the subsequent Hindu scriptures are directly or indirectly based on their teachings. In order to comprehend correct meaning of the Vedas six parts of the Vedas were later on developed which are considered necessary for the scholars who wish to study the Vedas. These six parts are—Education Kalp, Grammar, Philology, Science of Verses and Astrology.

In the Vedas we find a lot of information of economic interest. There are many verses which can throw some light on the economic values of ancient Aryans e. g. in the Rigveda there is a Dakshina Sutra which is the 107th verse which describe the importance of the people who give charity. In the same way 117th verse is known as Dan Sutra which admires the people who are kind hearted and who help the needy.1 In the same way in Rigveda 10th Mandal 155th verse is another excellent poem addressed to poverty requesting her to leave the country. We shall discuss the Vedic economic ideas at appropriate places.

1. कृष्णद १००७११७१
Panini was born in Shalatur somewhere in Punjab. According to Ram Krishna Gopal Bhandarkar he was born in 7th Century B.C. before the birth of Mahavir. Most of the scholars have the belief that Panini lived between 7th Century B.C. and 4th Century B.C. but the general opinion is in favour of 5th Century B.C. According to Vasudeo Sharan Agrawal Panini’s period can be safely assumed between 5th and 4th Century B.C. Ashtadhyayi was also written in the 5th Century B.C. Katyayan who wrote the first commentary on Ashtadhyani, known as Vartik, was Panini’s contemporary and perhaps his rival also. We believe that Panini’s period was between 500 B.C. and 450 B.C. because he was a contemporary with Gossal, the son of Makkhali whom he has mentioned in Ashtadhyayi. It is also significant to note that Gossal was contemporary wish Gautam Buddh and Mahavir. Now Ashtadhyayi leads us to many relevant sources of our study. Panini has mentioned the four Vedas and the Gods mentioned in the Vedas. Certainly the Vedas existed before Panini. Panini has mentioned the Mahabharat for which he has used two words the Bharat and the Mahabharat. In the same way Ashvalayana Grahya Sutras have used the two words the Bharat and the Mahabharat for the great Hindu epic. In fact the original name of the Mahabharat was Jaya and it was composed by Vedvyas who is also called Krishna Dwayapayan Vyas. That is why in the beginning of the Mahabharat it is exhorted that we should bow our head to Lord Narain and his associate Nar and salute Goddess Saraswati and Vedvyas and then begin the study of Jaya. At that time the number of Shlokas was not more than 10 thousands. According to Rai Bahadur C. V. Vaidya, who is considered a great authority on the Mahabharat it was revised.

1. पाणिनिकालीन भारतवर्ष—बाँबू बामुदेवश्रेयस अस्मात, पूर्व १६।
2. Bhandarka Institute Patrika, 11/83.
3. अप्रताध्यायी ६१२१४।
4. नारायणन मस्तकय तरं चौब मरोक्षमु।
   देवीं सरस्वती व्यासं ततो जयमुदीवेत॥ शाख्तिपर्व ११॥
first by Vaishampayan and in doing so it was enlarged to 24 thousand shlokas and the new epic was christened Bharat. According to Shree Vaidya it was finally revised by Sutti the son of Sut and the number of Shlokas was raised to about a hundred thousands verses. Mr. Vaidya has given arguments in support of this thesis and some of them are quite convincing. The final enlarged edition was called the Mahabharat. We wish to add that the text of the Mahabharat, as it is available now, contains a lot of adulterated stuff which was added by subsequent unscrupulous writers.

It has now been generally accepted that the Mahabharat is very old scripture and there are evidences that it was composed between 6th and 5th Century B.C. if not earlier. Panini has mentioned the name of Bharat and Mahabharat both. It is, therefore, clear that in the times of panini i.e. 6th Century B.C. and 5th Century B.C. Bharat and Mahabharat both were available. We also find the names of Bharat and Mahabharat in the Ashwalayan Grahya Sutras, one of the oldest Sanskrit texts, the period of which according to the experts on chronology was between 800 B.C. and 400 B. C. Obviously for our purpose the Mahabharat is a valuable source of information.

Vedvyas who was the original writer of this great epic is also said to be the author of Shrimad Bhagwat-Gita and Brahma Sutras. Our contention is that the writer of Brahma Sutras, also called Vedant Sutras was not the writer of Bhagwatgita also. There are evidences to prove that the writer of Brahma Sutras was another Vyasa called Badrayan Vyasa and these Sutras were composed much later perhaps between 150 B.C. and 100 B.C.¹ There is another reason why writers of Gita and Brahma Sutras were different. In the Gita we find an excellent synthesis between Yoga school of thought and its greatest rival Sankhya. The Gita has repeatedly asserted that the two schools of thought are in fact the same and.

¹ महाभारत-मीमांसा—सी०बी० बैंग्ल, पृ० ५६।
lead to the same goal. But in the Brahma Sutras Sankhya has been very severely criticised. In the Mahabharat also the Sankhya school has been prized at several places and Kapil, the original founder of Sankhya school and his disciples have been greatly admired. It is more likely that the Mahabharat including the Gita was composed by Vedvyas and Brahma Sutras by Badrayan Vyas after several hundred years.

In the Mahabharat there is no mention of Smritis although the names of Manu, Brahhaspati and Shukra together with their theories have been repeatedly mentioned. It appears that the teachings of scholars mentioned above were well known during the period of Mahabharat but their teachings in the form of Smritis were compiled much later. There is one more difficulty about the Mahabharat. It is an epic and sometime confused with history. It describes in detail the cultural, political and social life of many generations of Aryans. The description is so vivid, graphic and realistic in all its details that it seems to be besides a great epic of profound literary value, a work of history. The Hindus believe that the characters of the Mahabharat were historical figures who actually existed and the destiny of this country. Unfortunately there has not been any convincing and reliable evidence to prove the theory that Shri Krishna, Bhishma, the Pandavas etc. were historical figures. However, we are also unable to prove that they were not. Certainly, Vedvyar, Manu, Brahhaspati, Shukra and many characters mentioned in the Mahabharat definitely existed for the reason that many of their works are still available. It is safe to assume that the views expressed in the Mahabharat are actually the views of the authors of this great epic and not essentially the views of the characters. Here we differ with Dr. A.N. Ghildyal who considers that Bhishma was one of the earliest founders of Indian Arthshastra.²

1. साक्ष्ययोगो प्रथमसाहि प्रवदन्ति न पंडिताः।
   एकमपार्श्वित: सम्यगमयोविन्दते फलम्। श्रीमुन्मदुबद्यगीता ४१४

2. प्राचीन भारतीय आर्थिक विचारक—डॉ. अच्युतानंद चिल्ड्याल
Panini has mentioned repeatedly Rigveda, Krishna Yajurveda, Atharvveda, Samveda, Maitrayini Samhita, Taittiriya Samhita, Kathak Samhita, Kaushitaki Brahman, Aitareya Brahman, Shatpath Brahman, Parashar Kalp, Paingi Kalp, Arunaparaji Kalp, the last two are not available now. Panini has recognised the importance of many sciences like Jyotish, Logic, the essence of warfare, Nyaya and Mimansa.

We find two great Acharyas of Arthashastra before Kautilya—one is Acharya Brahaspati and the other is Acharya Shukra. Acharya Brahaspati is considered the founder of Arthashastra whereas Shukracharya is acclaimed as the greatest scholar of Nitishastra of all times. We find a lot of information in the works of Brahaspati and Shukra. In their case also, as elsewhere, the problem of chronology is difficult to solve. Acharya Kautilya in his Arthashastra mentions Shukra and Brahaspati with great reverence. In fact his great work begins with the following words: “I bow my head to Shukra and Brahaspati”. Their names are also mentioned by Ashwaghosh. The difficulty is that Shukra and Brahaspati both have been mentioned in many scriptures and Puranas which gives the impression that they were immortal which is untenable.

There is some controversy about Shukraniti or Shukranitisar as it is sometimes called. It mentions arms like guns and cannon and also gun powder. On account of this Mr. P.V. Kane has written, “The Shukranitisar is comparatively a late work and was probably written in the 13th or 14th Century A.D. when cannon came to be used in Europe for the first time”. The opinion of Mr. Kane is questionable because even in 13th or 14th Century A.D. the gun was unknown in India. It was introduced by Babar and the Portugease like Vasco-de-Gama in the late 15th Century. Shukraniti does not mention any earlier work on Arthashastra or

1. नमः शुक्र ब्रह्मसतिम्माम—कौटिल्य अर्थशास्त्र, वाचस्पति गौरोला, पृ १
2. Buddha Charit—Ashwaghosh 1/46.
3. History of Dharmsastra, P.V. Kane.
Dandniti like Kautilya’s Arthashastra or Kamandak’s Nitisar. On the other hand both Kautilya and Kamandak have quoted Shukra at a number of places. Shukra has been mentioned in the Mahabharat and undoubtedly, he has been declared the greatest authority on Nitisahastra. The language of Shukraniti is chaste and there is no evidence of any influence of the Muslim culture or religion in this work. The description of the life, civilization, culture and administration in the Shukraniti is essentially Aryan and there is a lot of similarity in the ideas of Shukra and those of Manu, Vedvyas, Brahaspati and others. We are definite that most of the text of Shukranitisar is original although certain portions have been added to it by some later writers. Shukranitisar is one of the greatest works on the subject of our study and no other work can stand a match with it perhaps with the sole exception of Kautilya’s Arthashastra. Unquestionably it is a masterpiece of a genius and history has no evidence of such an intellect on this subject in the course of last two thousand years. During the Muslim rule in this century which lasted between 11th and 19th Centuries there have been writers like Kabir, Jayasi, Nanak, Tulsi, Sur etc. All their works bear the stamp of the Muslim culture and Persian and Arabic languages. Shukranitisar is absolutely free from such blemishes and Mr. P.V. Kane’s view in regard to this great work is mistaken and uncharitable. In the Shukraniti on the other hand we find many such words which were used in the Vedic texts and in the post-Vedic literature they were used in a different sense altogether. One example will prove this point Shukra says that the roads should be metallled with Sharkara. To day this word in Sanskrit means sugar but in Shatpath Brahman¹ the word Sharkara was used for pebbles or pieces of stones. Panini has also used this word in the same sense.²

In the Shukraniti we find another word which is essentially a

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¹ शतपथ ब्राह्मण—ग्निमाचार उपाध्याय, अंक १, पृ १४३
² पाणिनिकालीन मार्गवर्ण—ड० वासुदेव ग्रंथ अनुवाल, पृ १२४
word of Vedic literature. It is *Kīnāś* which means a farmer. According to Shri Vasudeo Sharan Agrawal this word was replaced by another new word *Krīśṭval* during the period of Panini i.e. about 500 B.C. But again in the Shukraniti this word has been used in the old Vedic sense. These examples prove beyond doubt that the most of the text of Shukraniti is very ancient but from the old manuscripts new copies were prepared and in doing so some stuff was added to the original text.

Brahīspati’s Arthshastra is another great work. It is written in the *Sutras style* in which many great works were written during and after the Vedic period. Brahīspati’s Arthshastra has six hundred chapters and a few hundred Sutras. It appears that a great part of this book has been lost or destroyed. But it is also evident that the original text of Brahīspati’s Arthshastra has not been polluted by adulterations.

K.V. Rangaswami Ayanger believed that Brahīspati, the writer of Arthshastra, was also the founder of Lokayat School of Indian Philosophy also called *Charvak* by some historians. However, such a view is mistaken because in his Arthshastra he has condemned the Lokayat Philosophy. It is obvious that the Brahīspati who was the founder of Lokayat or Charvak Philosophy was a different man. There is a legend that Brahīspati laid the foundation of a wrong philosophy in order to mislead the Asuras. However, in the absence of sufficient historic proof such a view is untenable.

Brahīspati’s Arthshastra was written after the advent of Buddhism in India as is evident from a number of words written about Buddhism etc. Brahīspati and Shukra were contemporaries and they were called the Gurus and leaders of the two leading sects called Devas and Asuras. There are interesting ancedotes

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2. कीनाश: कार्तका: शिलिपुष्पीदि श्रीपनर्तका। शुककोहि ४२४३।
3. बाहुस्पति अर्थशास्त्र—लाला कन्नोमल जुड २३६.
describing how Kach, the son of Brahaspati was sent to Shukra to learn the science of Immortality from Shukra. It is said that Shukra’s daughter, Devayani, fell in love with Kach but their love affair ended in a disaster. We believe that Shukra and Brahaspati headed the two rival schools of thought and culture of the two different communities called Devas and Asuras in the various texts.

Another source of our information is the text of Smritis. For our purpose the most valuable is Manu-smriti. Manu is considered the greatest jurist and law giver of Hindu civilization. His work Manusmriti is available but it is difficult to ascertain the right period of Manusmriti. In the first chapter of this Smriti seven Manus have been mentioned as follows: (1) Svarochish (2) Ut tam (3) Tamas (4) Raisat (5) Chakshus (6) Vaivaswat (7) Swayambhu. The question arises which one was the author of Manusmriti. It appears that Manusmriti was originally written by Svarochish, the first Manu and revised by the other successors of the dynasty and the associated school of thought. Manu has also been mentioned in the Rigvoda. Taitriya Samhita writes that Manu gave his wealth to his sons. Vaivaswat Manu and Ikshaku have been mentioned in Bhagwatgita. In this way the name of Manu has been mentioned in the earliest Sanskrit texts of

1. स्वारोचिष्चोचम् स्वामः देवतो रैवस्वतवाच 
वाक्यम् महात्मा विवस्वतमुत्वः स्व च च 
स्वाजूभाविता: सप्ति: मनव: भूरिष्वेजस: 
स्वे स्वेष्वरे सर्वमिदमुस्वताषास मुस्वराजसरसम् मुस्वमृति १।६२,६३
2. यामचर्यं मुगुपिताः दयक्ष्यमि चिच्छमति 
विसा मन मूर्धणूः पूवर्येष्ठि उवस्ता सगम्भराचर्चन्नु स्व्यराज्यां 
हस्यवेद १।३०।१६
3. मुनि: गुप्तेये दय श्तमेन्द्र—तत्त्विषय संबोधिता १।६४
4. हर्षिद विवस्वते योगे प्रोक्तवानहम व्यवहारम् 
विवस्पण मनयेप्राह मुगुरिववाचवेश्वरीलु 
समबद्वृत्तिः ४।१
Vedas, Smritis, Puranas and Epics like Mahabharat etc. The latest edition of Manusmriti was the handiwork of Vaivasvata the sixth Manu and Swayambhuwa the seventh and the last Manu. In fact the last two Manus are the real compilers of the order of Manu. Formerly Manusmriti was in the form of Sutras called Manavasutras. This was also the opinion of Buhler and Max Muller. It is significant to note that although the authors of Manusmriti were Manus but it was actually written by Bhrigu, son and disciple of Manu. About the theory that the present Manusmriti is based on ancient Manava Sutras or Manava Grahya Sutra there are many contradictory opinions. While Max Muller and Buhler believe in such a theory. The Indian writers believe that this is unlikely. According to Buhler Manava Sutras are not available in their original form. Some texts known as Manava Grahya Sutras are, however, available but as pointed by Mr. P.V. Kane there is a lot of difference between the doctrines of Manusmriti and those of Manava Grahya Sutras.¹

There is another difficulty of ascertaining the period of Manusmriti. According to Shri P.V. Kane it was somewhere between 200 B.C. and 100 A.D. If this is true Manusmriti is absolutely irrelevant for our study. But Mr. Kane's view has been rightly questioned and rejected by many other writers. According to Buhler many parts of Manusmriti were written between 200 B.C. and 200 A.D. Shri K.P. Jayaswal is also of the opinion that Manusmriti was written after Kautilya and was also influenced by Kautilya's view.² Shri S. Vardhacharya is of the definite opinion that there is no evidence to prove the contention of Shri K.P. Jayaswal that Manusmriti was written after Kautilya.³ Shri Ayangar, another scholar of indology remarks that it is more likely that Arthashastra of Kautilya repeats and

supports the views of Manusmriti. The main arguments of the scholars to consider Manusmriti the work of certain assumptions which themselves are questionable e.g. they believe that Manusmriti is written in the verse style whereas the ancient works were written in Sutra style but this view is not acceptable because of the fact that Vedas, Upanishads, Mahabharat, Shukraniti, Bhagwat etc. are all written in the form of verses and there are many works of later period written in the form of Sutras.

Even if we accept the view that Manusmriti was composed between 200 B.C. and 100 A.D. by Bhrigu it is unquestionable that the views expressed in the Manusmriti are much older because in the earlier works we find that Manu and his views have been mentioned with reverence not only in the ancient texts but also in the Vedas. Manu has not mentioned Yask at any place in Manusmriti but Yask mentions Manu and his opinions at several places. The period of Yask, according to Shri P.V. Kane was about 800 B.C. and according to Bhandarkar 750 B.C. and according to Shri Ayangar 650 B.C. Manu’s views have been extensively quoted by Bhishma and many other characters of the Mahabharat at various places. At one place Acharya Drona tells Duryodhan that he has studied the Vedas and Arth Vidya of Manu besides the art and science of warfare. These examples prove beyond doubt that the Arthashastra as taught by Manu was in existence when the Mahabharat was written.

Our conclusion is that Manusmriti as it is available today was written some where between 4th and 3rd Century B.C. but the views of Manu in the form of Sutras etc. were much older. Manusmriti mentions the names of eighteen writers of Smritis. They are Vishnu, Parashar, Dakshya, Samvarta, Vyas, Harit, Shatatap, Vashisth, Yama, Apastambh, Gautam, Deval, Shankh,
Bharadwaj, Oshna, Atreya, Shonak and Yajnavalkya. According to *Bhavishya Puran* the number of Smritis is thirty six but Bhavishya Puran considers the Mahabharat and the Ramayan among them. For our purpose Manusmriti, Yajnavalkyasmriti, Parasharsmriti and Naradsmritis are important. In the case of these scriptures also the chronology is highly controversial. According to Shri P.V. Kane the period of Yajnavalkya Smriti is 100 A.D. to 300 A.D. and that of Narad Smriti 100 A.D. to 400 A.D. The difficulty is that these authors have been extensively quoted by earlier works of Sanskrit and the names of some of them are mentioned in the Vedic texts. We stick to the view that the ideas of Manu, Yajnavalkya, Parashar and Narad etc. are much older and they existed in the form of Sutras which were learnt by the Aryans and some of them were noted down in the form of books. Later on the disciples of these Rishis compiled, edited and to some extent revised the views of Masters in the form of books by memory (Smriti) and this is how the various smritis came into existence none of which was actually written by the Master concerned, although the recorded version was obviously named after him. The idea is that the views of Manus were known in the Vedic and post Vedic period but the actual Manusmriti was never written by them. It was compiled in the *verse style* by the scholars of Maun’s order or tradition. This is true about not only the Smritis but many other works of Sanskrit which were compiled a number of times in the later years. This tradition is not new in our society e.g. the poems of Granth Sahip, the scripture of Sikhs, were composed by Gurn Arjun Deo, Guru Angad, Guru Teg Bahadur and Guru Govind singh etc. but most of them are named after Guru Nanak, the founder of Sikh religion.

1. विष्णु पराशरो दक्षः संबर्तं व्यास हारिता: ||
   जातात्त्वी वशिष्ठद्वं यमाप्तस्ततं गौतमः: ||
   देवल: शंकरलिखितो मार्धारो शानो नयः: ||
   शोएको याज्ञवल्क्यद्वं दशाप्ती स्मृतिकारिण: ||
   मनुस्मृति: ||
In the later years many new ideas were added to these scriptures by way of elaboration of the original ideas and in certain cases even new ideas pertaining to changed circumstances were added in the names of Masters. However, it is not very difficult to separate this adulterated stuff from the original text.

Among the smritis, Yajnavalkya smriti deserves special mention. Among Indian seers Yajnavalkya was one of the most illustrious and influential persons. He is credited with the authorship of *Shukla Yajurveda* Shatpath Brahman, *Brahadaranyak Upanishad Bajasaneya Samhita* all of which are outstanding works of invaluable importance. It is also generally assumed that he is also the author of Yajnavalkya smriti. However, Shri P.V. Kane while admitting the value of this smriti refused to accept this smriti as the work of Yajnavalkya. According to him Yajnavalkya smriti was written sometime between 100 A.D. to 300 A.D. whereas Yajnavalkya lived much earlier. According to other evidences Yajnavalkya was a contemporary with Katyayan in the 4th Century B.C. His name has not been mentioned by Panini but Katyayan in his Vantik mentions his name with respect and says that he obtained Shukla Yajurveda from the sun.

Patanjali in his Mahabhashya again mentions the name of Yajnavalkya. While it is quite possible that Yajnavalkya smriti was composed much later and a number of editions with commentaries were written but as in the case of Manusmriti and many other smritis Yajnavalkya smriti is based on the ideas of

1. "From the style and Doctrines of the Smriti is impossible to believe that it was the work of same hand that gave to the world the Upanishad containing the boldest philosophical speculation coughed in the simplest yet the most effective language". History of Dharmashastra—P.V. Kane, Vol. I, p. 169.
2. "शुक्लादिनी मंजूष्क यमवान याज्ञवल्क्यन यतः प्रायः तं विवस्त्रतम्।" कात्यायन वार्तिक
Yajnavalkya. The fact is that Manu, Parashar, Yajnavalkya, Narad, Gautam etc. have been mentioned in the text of the Mahabharat, Brahmins and other scriptures. Their views were current in the society just as the proverbs are current in the villages and they were compiled at a later period. A number of commentaries were written on Yajnavalkya smriti. Among them the Mitakshara commentary by Vijnaneswar is the most authentic and even Hindu law is considerably based on its principles.

Shri P.V. Kane also concedes, "Though the sage who promulgated the Aranyak and the author of smriti cannot be identical yet the Yajnavalkyasmitri is much more closely connected with the white Yajurved and the literature particularly belonging to it than any other Veda".¹ For our work Yajnavalkya smriti is particularly valuable because he deals with many economic problems and at several places his opinions differ widely from those of Manu, Shukra and other writers.

Another sources of information lies in the earliest Sutras, the period of which is between 800 B.C. and 400 B.C.² These Sutras have been divided into three categories namely Shraut Sutras namely Apastambh, Ashwalayan, Baudhayan, Katyayan etc. Then there are Grehya Sutras such as Apastambh, Ashwalayan and Parashar etc. The third categories of Sutras called Dharma Sutras were composed between 600 B.C. and 300 B.C. and are named after Gautam, Apastambh, Baudhayan, Vashisth etc. Besides them Poormamansa Sutras of Jaimini were composed between 500 B.C. to 200 B.C.

There are other sources also of comparatively minor importance. The Charvak also called Lokayat had its own unorthodox ideas. One thing is certain that Charvak philosophy is very ancient and it developed in revolt against the Vedic teachings. One Brahman called Charvak condemned king Yudhisthar while he

². Ibid., Vol. III, p. xvii.
was entering Hasinapur after the Bharat war. There upon the Brahmans killed Charvak on the spot. The Lokayat philosophy is also mentioned in the Adiparva of the Mahabharat. It is described that in the Ashram of Kanva there was a discussion going on between the Ashram mates and the followers of Lokayat philosophy. The Charvaks or Lokayats did not believe in the existence of God and the finality of the Vedas. For them the worldly pleasure was the only goal of human life. They never believed in the eternity of soul, salvation, life after the death and all such things which they declared as pure nonsense. There are evidences to prove that Charvak philosophy existed before Buddhism in India and most probably they represented the earliest revolt of the rationalists against the speculative meta-physics of the Vedas and the Upanishads.

Buddhist Literature:

Buddha's period is now pinpointed in 6th Century B.C. and a lot of Buddhist literature is relevant to our study. Buddha's teachings have been divided into three categories called Tripitac or three caskets. They are called—(A) Sutra Pitac which has been further sub-divided into five Nikaya namely, (a) Dirgh Nikaya 34 Sutras, (b) Madhyam Nikaya 152 Sutras, (c) Samyukt Nikaya 56 Sutras, (d) Angottar Nikaya 11 Nipat and (e) Khuddak Nikaya 15 books. (B) Vinaya Pitac is divided into rules of practical guidance meant for the disciples namely (a) Sutra bibhang (b) Khandhak (c) Partivar. (C) Abhidhambh Pitac has seven scriptures.

The Buddhist literature has many economic ideas and some of them are of great value even now. We have, however, confined our study to the original ideas of Lord Buddha himself and for this purpose we have selected Dhammapad, one of the 15 books in the category of Khandak Nikaya which is a collection of 423 teachings of Lord Buddha touching various aspects of the individual and social life. We have also gone through Jatakas, another

1. लोकायतिक मुख्यवृत्त समस्ताद्वनादितिम् । ब्रह्मिकोऽधिपति ७०१४६
scripture of Khandak Nikaya category which is a record of 550 tales describing the anecdotes of Lord Buddha's life in the previous births but the tales describe Buddhist culture and ideals some of which are of economic interest. We believe that all the Buddhistic literature including the Jatakas was written after Buddha's awakening or attainment of Bodh. We do not subscribe to the view of Shri Vachaspati Gairola that the Jatakas were written in about 600 B.C. i.e. before the birth of Buddha.¹

¹ कौटिल्य अर्थशास्त्र—वाचस्पति गैरोला, पृ. ६५
CHAPTER II

Development and Characteristics of Indian Economic Thought

By economic ideas we mean the ideas associated with consumption, production, exchange and distribution of wealth. In this sense economic ideas in India are as old as wealth itself. We find no systematic science of Economics or any systematic theory of Economics in the Vedas or other scriptures like Brahmans and Kalp Sutras of the Vedic or post-Vedic periods. But in the Vedas and other scriptures, there are numerous prayers addressed to Indra, Agni, Ashwani Kumars, Varun, Marut etc. for the protection of the crops and cattle. There are many prayers invoking the Gods to give wealth, cattle, gold and other valuable articles and also to save the crops from pests and droughts. There are also hymns in the Vedas describing the various kinds of agricultural operations like tilling the land, sowing, irrigating and gathering the harvest and so on, Agriculture and animal husbandry were the two most important occupations of the Aryans. It is obvious that Economics of those days was confined to these two economic activities of the people. With the passage of time trade, commerce, industries and banking also became important occupations and the Vedas and other Sanskrit works of the later period have mentioned these economic activities also. For example, in the Atharvaveda there is a long prayer addressed to Indra, Agni asking them to make the trade routes safe so that the traders may earn wealth by moving about in the country.¹

¹. इतनमहि विद्वानं बोधयोंमि स न ऐतु पुर एता नो अस्तु।
नुदन्तराः परिपरिन्यं मृणं स ईश्वरो धनस्तु अस्तु महामु।
वे प्रमाणो वहुयो देवयाना अद्दरा धनावा दृष्टिको सचरचिः
ते मा जुलत्तां पदसा भूतेन यथा कील्क्ष्य प्रमाहुर्गि।
अथर्वेद अ६३१५५१०२
Economics of the Vedic period was but a set of prayers or at the most description of certain economic activities connected with consumption, production and exchange of wealth.

India has a unique tradition of tracing the origin of almost every science to the Gods. It is believed that Lord Shiva created the art of Music and Dance. In the same way almost all important schools of Philosophy, even epics like the Mahabharat and the Bhagwat are believed to have divine origin. Economics, which was formerly a part of Nitishastra and Rajdharma is also not an exception to the rule. In the Mahabharat it is written that Brahma composed a science which discussed the various aspects of Dharma, Arth and Kama and gave it the name Trivarga which was perhaps the oldest same of Arthshastra.¹

Originally the science of Trivarga had one lac Chapters and comprised the three Vedas, Logic, Varta (Economics), Dandaniti and Rajdharma discussing the duties of the Kings. Later on it was condensed by Lord Shiva into ten thousand Chapters and by Indra into five thousand Chapters. Acharya Brahaspati, who was the first human being to found the science of Trivarga later on called Arthashastra, further summarised it into three thousand Chapters and it was called Barhaspatya Nitishastra by the later writers. Finally, Shukracharya reduced it to one thousand Chapters for the benefit of the world.²

Although it is a mythological description but has some historical value too. The topics described in the Trivarga are precisely the same which have been discussed by the various writers of Nitishastra, Arthashastra, Rajdharma or Dandiniti. Shukra, Brahaspati.

1. ततो अध्यायसहस्त्राणां शतं चके स्वयुः। यज्ञ धर्मस्तथेवार्थः कामशैवावमिश्रितः।।
   तिवर्ग इति विक्षयाति गण एष स्वयममुः। शान्तिपर्वं ५६१२६,३०

2. शान्तिपर्वं ५६१५१,५२,५३.
Kautilya, Kamandak etc. have discussed the same topics although Kautilya preferred to call his work Arthashastra and the works of Shukra and Kamandak are called Nitisar or the essence of Nitisashtra. Infact, the above words were used for the same body of knowledge alternatively.

In is not known when the word Arthashastra was used for the first time. We have evidence to prove that in the seventh Century B.C. the science of Arthashastra was clearly recognised. In the Ashwvalayan Grahya Sutra, considered one of the oldest post-Vedic scriptures, there is a mention of Adhya, a renowned scholar of Arthashastra whose work is now not available. In the Mahabharat and Kautilya’s Arthashastra there is a long list of the Acharyas of Arthashastra. In the Mahabharata, Brahaspati, Shukra and Manu have been repeatedly quoted by Bhishma. There are views of Parashar, Kanik Bharadwaj, Kamandak, Narad etc. explained and discussed at length. Kautilya in his Arthashastra quotes the economic ideas of many Acharyas besides Brahaspati, Manu, Shukra, Parashar etc. We hope some day the works of these Acharyas shall be unearthed and that may throw more light on the economic ideas of ancient India.

In the Vedas although we do not find the word Arthashastra as such, but the subjectmatter of Arthashastra has been recognised. The word Arth has been used at a number of places meaning wealth or the wealth getting activities of the society.

The economic ideas of the early Aryans were greatly influenced by the various systems of Philosophy and Religions and they were changed a number of times by the radical views of Buddhists, Mahavir, Kapil, Panini, Kautilya etc. and some of the ideas differ widely from each other. Even the views of Shukra and Brahaspati are different at many places. The differences between Manu and Yajnavalkya are well known not only in respect of economic ideas but other social and political matters also.

1. आद्यवलयन ब्राह्मसूत्र ३११३१६ १
According to Shukra all the four Vedas have their respective supplements called Upveda. According to him Ayurveda is the Upveda of Rigveda, Dhanurveda or the science of warfare is the Upveda of Yajurveda; Gandharveda or the science of Music is the Upveda of Samveda and Tantra is the Upveda of Atharveda.¹

Shaunak, however, writes that the real Upveda of Atharveda is Arthshastra and he has preferred to call it Artharveda.²

**Characteristics of Indian Economic Ideas:**

It is difficult to make any generalisation about the characteristics of Indian Economics Ideas because there was no separate and independent science like Economics or Political Economy. There have been a number of schools of Philosophy each having its own views about the society, administration and economic life. From time to time there have been changes in the economic ideas of the society which make any generalisation all the more difficult. However, on the basis of certain common features of the economic ideas of various shades we can work out some broad characteristics as follows:

1. *Absence of Economics as an Independent Science:*

In ancient India there was no independent science as Economics. There were economic ideas that means the ideas associated with production and use of wealth but those ideas were a part of other social and political thoughts of the thinkers. Gradually there developed in the country a science known as Arthshastra which can be called a true forerunner of the science of Economics. Brahaspati and Shukra were the real founders of Arthshastra but they too did not isolate the economic ideas. Arthshastra for them remained a mixture of social, political and economic ideas. This tendency was never totally given up even by later writers like Kautilya and Kamandak. This unique feature of Indian economic thought was.

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1. शुक्रनीति ४१२५०
probably due to the fact that life of the Aryans was a single indivisible unit which could not be divided into watertight compartments of Ethics, Economics and Politics etc. Even in specialised sciences like Medicine, called Ayurveda in India, we find many ideas about Ethics, Religion etc., which from modern standards will be irrelevant.

2. Influence of Religion:

Arthshastra was under the influence of religion and philosophy of different religions. In the ancient society we find many currents of religious ideas, the most prominent being the Vedic religion based on the ideas of Rigveda, Samveda, Yajurveda and Atharveda. The Vedic religion was the cultural religious outlook of the Aryans and is generally known as the Hindu way of life. However, there were other religions and cultures besides the Aryan culture of the ancient times. Some Jain scriptures are equally ancient in origin. In the Vedic literature we find a mention of Jain theories and Jain Scholars. It is safe to assume that Jain religion and philosophy ran parallel to the Vedic cultural life.

Than again the Vedic cultural life was undergoing a change under the spell and influence of great thinkers like Kapil (the founder of Sankhya School of Thought), Patanjali (the founder of Yogic School of Thought), Jaimini (the founder of Mimansa), Gautam (the founder of Nyaya) and Kanad (the founder of Vaisheshik philosophy). Collectively these six are called Shadarshan. We have reasons to believe that each one of them began as a revolt or anti thesis against the current Hindu theory. Later on the scholars worked out a synthesis and it was accepted that the different conflicting theories were but the different aspects of the same thesis and thus Vedant, Nyaya, Yoga, Mimansa, Sankhya and Vaisheshik were recognised as branches of the same Hindu Philosophy having its own origin in the four Vedas. It is necessary to point out that six Schools of Hindus differ radically on certain fundamentals and it is difficult if not impossible to reconcile the conflicting aspects and work out a rational synthesis. We wish to
add that these conflicting Schools of Hindu Philosophy had their own views about material and economic life and these views were radically different from each other like the basic philosophical ideas on which they were based.

3. Influence of Buddhism:

Buddha precipitated the greatest crisis in the cultural life of ancient India. He started a revolution which shook the very foundation of the Vedic way of life by refusing to accept the existence of God and finality of the Vedas. Buddha initiated a revolution which not only disturbed but destroyed considerably the old values. Buddhism had its own ideas about society, political life, economic life and other matters. No wonder the ancient Hindu Acharyas vehemently criticised and condemned the new Buddhistic theories. Acharya Brahaspati in his Arthshastra goes out of the way in condemning the Jain and Buddha sages and their principles. In the second Chapter of his Arthshastra Acharya Brahmspati has severally condemned them and asked the rulers to shun them. Thus in the Vedic period there were three main currents of philosophies, namely, Vedic, Jain and Buddha each having its own economic outlook and economic ideas. There are other minor schools also but their influence on the society was negligible and such economic ideas were of little value for our work. Later on these basic cultural currents were divided and sub-divided and they were revised from time to time and thus the economic ideas also underwent a change consequently.

4. Normative Character:

Most of the economic ideas in ancient India are of a normative or ethical character. Our economics has always been normative in character i.e. Normative Economics. As a rule while the western Economics right from the Science of Plato and Aristotle has been positive and analytical, the Indians have mostly written what they

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1. बाहुस्पत्य अर्थशास्त्र—लाला कल्योमल जज, २१६१०
should do in their social, political and economic life. The western thinkers have analysed the causes of human behaviour in different aspects. The essence and basis of Indian thinking has been Ethics where as the West has been analytical and scientific in its approach to all the social problems. And strangely enough we have been continuing this tradition even now. Gandhian Economics is also normative dealing with the problems of agriculture, small scale industries, self sufficiency and smaller number of wants etc. Even the positive Economics of Prof. J. K. Mehta has not been free from the influence of Ethics. No doubt some economists like Shukra and Kautiliya and to some extent Brahaspati and Manu have tried to analyse scientifically the economic behaviour of individual and the society but such ideas have been few and far between. We shall deal with them at appropriate places in later chapters.

5. Place of Wealth in the Society:

One common feature of the three leading Indian philosophies viz. Vedic, Jain and Baudha, is that they consider Moksha or salvation the ultimate object of one's life and the material environments and belongings only a means for the attainment of that ultimate object of the individual and the society. This has placed wealth in a position of less importance and sometimes total in significance. The idea is that Indian philosophy of life has been spiritual in its outlook and wealth which is the symbol of materialism has been considered of secondary importance as a general rule. Of course, there have been thinkers specially in the Vedic tradition who have laid much emphasis on wealth and material wellbeing but these revolutionary ideas could not make a permanent impression on the consciousness of the society which considered salvation the ultimate object and the wealth and material welfare of less significance. The Vedic ideal has been oscillating between spiritual welfare and material well being. The Vedas considered truth which they called 'Sachidanand' the supreme object of life and yet they never discarded or undermined the importance of wealth. The Vedic outlook is best represented in the following Mantra of Yajur-
veda which is also the first Mantra of Ishavashya Upanishad, “The entire universe is the home of the supreme God. The entire life is pervaded by God. Man should enjoy wealth by sacrifice or Tyag. He should not greedily crave for other people’s belongings”.¹

It is safe to assume that this has more or less the lasting attitude of the Vedic thinkers towards wealth. Acharya Vinoba has called it Ishyavahya Vratti or the attitude taught by Ishavashya. The essence of this idea is that while man is to make efforts for realisation of truth which is the same thing as attainment of Moksha or salvation, he has to use the material wealth most judiciously so as to use it as a means to this supreme end before mankind. For the Vedic seers wealth was always a means to an end but they invariably considered it as a necessary means. With the development of this Vedic thesis there was a change in this attitude from time to time. The subsequent authors of the Vedic tradition i.e. writers of Brahmanas, Smritis, Upanishads, Puranas, the epics and other literary works deviated from this original ideal and this deviation was both to the left and right—materialism and spirituality. There have been writers who considered wealth of supreme importance even of greater importance than Dharma and Moksha. Shukra, for example, has considered Arth or wealth the means of attaining Dharma, Kama and Moksha.² He says, “Man is a slave of Arth, Arth is not slave of anybody. Therefore, a person who desires Arth (wealth) should make efforts for it”³. It was a sensational and revolutionary break through. No wonder Shukra was discared by the Aryans for such unorthodox ideas and he had to take shelter in the courts of non Aryans collectively called the Asuras who accepted him as their Guru. His great contemporary

¹ ईशवास्यमिदम् सवं मातिक्ष जगत्वं जगत्।
तेन त्यक्तं भुजीया मा यूः क्यस्सिस्वदन्नम्।। ईशवास्य उपनिषद श्लोक १।
² अर्थशास्त्र शूक्लकारिय भवेन्द्राचार्य। शुक्लकारिय अर्थसूत्र ॥ शुक्लकारिय अर्थसूत्र ॥ शुक्लकारिय अर्थसूत्र ॥
³ अर्थशास्त्र शूक्लकारिय भवेन्द्राचार्य। शुक्लकारिय अर्थसूत्र ॥ शुक्लकारिय अर्थसूत्र ॥ शुक्लकारिय अर्थसूत्र ॥
Brahaspati did not deviate from the traditional Vedic ideal and he considered wealth and material welfare of secondary importance and it is why he was accepted by Devas or the Aryans as their Guru.

Although Shukra has been acclaimed as one of the greatest Acharyas of Nitishastra and in the Bhagwat Gita Lord Krishna has remarked that among the seers or poets he is Ushna or Shukracharya.¹ And he at the same time acclaims the greatness of Brahaspati, the Guru of Devas. The rivalry between Brahaspati and Shukra was in fact the conflict between two contemporary philosophies of life and two cultures which culminated into armed conflicts between the two communities—Devas and Asuras about which the Vedic literature has written in detail. Kautilya was in the tradition of Shukra. His ideas about wealth and material welfare of the world betray the same tendency. Like Shukracharya Kautilya was also rational, pragmatic and to some extent rootless in economic and political matters. This certainly was a deviation from the original Vedic ideal.

We also find another deviation which we can call an ascetic approach of life and world, the first symptom of which we find in the preachings of Buddha and in the philosophical works of the Buddhistic thinkers like Ashwaghosh and Nagarjun. One School of Buddhism discarded life and the world as an illusion or mirage and a creation of ignorance. For them Nirvan (Salvation with certain qualifications) was the only reality and the consciousness was the root cause of the evils or sufferings. The same idea was later on developed by God-pad and his illustrious disciple Shankaracharya in his philosophy which is called Mayavad. We have reason to believe that inspire of their brilliance the Shunyavad of Nagarjun and Mayavad of Shankar do not represent the original Hindu ideal as expressed by the Vedas and which has been rightly called the outlook of Ishavasya Vratti.

¹ सूतीनामपञ्चमी व्यासः कवीनामुष्णा कविः : । श्रीमद्भगवद्गीता १०१३॥
The Jains also considered salvation the ultimate aim and for them too the wealth was of little importance. They considered this world ‘Vijatiya’ or foreign to the soul which possesses nothing. *Non attachment, non violence and non-possession* became their greatest ideals for the individuals and society. The Jain Acharyas never attached great importance to wealth and yet some of them have given very original ideas about the production of wealth.

6. **Welfare of the Society:**

Another characteristic which we can attribute to ancient Indian economic thought is that it considers the welfare of the society as the greatest ideal and the supreme duty of the King. In all the works of Nitishastra and Arthshastra the thinkers have laid great emphasis on this goal. Even Kautilya who is considered ruthless and unscrupulous by many critics remembers this ideal throughout his monumental work and the people who create hindrance in the realisation of this ideal have no right to exist according to him. It is the duty of the rulers to destroy the anti-social element and actions which he prefers to call *destruction of thorns*. For Buddha this was the greatest social ideal which he has called ‘*Welfare of all and happiness of all*’. The Vedas also exhort rulers to spare no efforts in making the subjects happy. Manu, the first and the greatest Hindu jurist has also considered the welfare of the society as the Supreme duty of the rulers. He has repeatedly warned the rulers to promote welfare activities in their kingdoms.

**A Comparative Study of Indian and Western Economics Ideas:**

There are certain fundamental differences between the ancient Indian economic ideas and the western economic ideas. This difference is owing to the basic differences between the outlook of the East and the outlook of the West towards the worldly problems. By tradition India, as also the other countries of the East, is spiritual in her outlook where as the West has been traditionally

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1. चम्पवन—राहुल संकिल्पायन
materialistic. This is the basic philosophical difference between the East and the West and not only in economic ideas but in all arts and sciences. We find the expression of the two radically opposed Philosophies of life. Spiritualism does not consider the world and the worldly problems and possessions of great significance. It is more concerned with God, Truth, morality and other metaphysical problems. In some form or the other spiritualism believes in supernatural power and the effort according to it is of secondary importance. Materialism on the other hand, believes in the reality of this world and recognises the value and importance of worldly matters and possessions. No wonder speculative philosophy developed in India and Natural Sciences developed in the western countries. A close study of the Indian economic ideas of the ancient period and the western economic ideas both ancient and modern leads us to the following differences between the two approaches to economic ideas.

1. **Attitude Towards Wealth:**

Wealth has always occupied the most important place in the western Economics and for the western writers Economics always remained the science of wealth. This view was challenged by some writers after Adam Smith, Ricardo etc. It was suggested that man is more important than wealth, therefore, it should be given more important place in economic analysis. Marshall found a synthesis and declared Economics a study of both man and wealth and the purpose of this study was the material welfare of man. But Marshall's opinion, as also the opinions of Sismondi, Robert Owen before him, was more of an ideal than a reality. Economics in the West was always primarily the study of wealth and inspite of well meaning ideals suggested by neo-classical school, continued to remain a study of wealth. Prof. Marshall's mistake was corrected by Prof. Robbins at one time by declaring that Economics has nothing to do with any ideal whatsoever and it is neutral between ends. Thus once again the traditional approach of the earlier economists of the West was revived and restored. The Indian Economists on the other hand always considered wealth of
secondary importance. This was the influence of Indian Philosophy on Economics. There have been certain thinkers in India and in whose opinions not only the wealth was of no significance but the world itself was unreal. Obviously under the influence of Buddha, Mahavir and Shankar, Economics never attached great importance to wealth. We do not believe that such an attitude represents the true Indian heritage. The essence of Indian Philosophy lies in the fact that while it recognises the value and importance of this physical world with all its forces, wealth as a reality it considers these things means to higher ends. Wealth for the Indians was never an end in itself. We find that even the modern economists like Mahatma Gandhi and Vinoba have maintained this tradition in their economic ideas.

2. *Positive Vs. Normative*:

Western Economics from the very beginning has been analytical, scientific and positive. Even the ideas of Plato, Aristotle explain the economic phenomenon as they are. Even before Adam Smith the Mercantalists and the Physiocrats explained their ideas in scientific terms. Richard Cantelon, John Locke, William Petty and David Hume laid the foundations of some economic theories which were later on developed and modified by the Classicists, Austrians and the economists of many other schools. The approach of the western is analytical in most of the cases. This was the direct outcome of their faith in materialism and natural Order as explained by Francois Quesnay, the founder of Physiocracy in France. The approach of the Indians on the other hand was mostly normative. Economics for them was always a part of administration and practical Ethics. Even the modern Indian economists have not been able to get rid of this influence. Obviously, it has hindered the development of Economics as a Natural Science like Physics, Chemistry Botany etc. Economics in ancient India developed more as Ethics than as a Science. No doubt, at certain places we find brilliant analytical ideas of Shukra, Panini and Kautilya which can be compared very well with western classical doctrines but such ideas are few and far between. On the
whole Economics in India has never abandoned its normative character.

3. *Free Economy Vs. Controlled Economy*:

Although there have been exceptions and deviations from time to time, western Economics generally believed in the doctrine of laissez-faire or economic system of non-intervention. The Physiocrats believed in unqualified freedom in economic matters. Economic liberty was almost a fad for Adam Smith and the classical thinkers after him maintained this tradition. The Nationalists and Socialists tried to deviate from the doctrine of laissez-faire but neo classicism in England and America revived it once again with certain qualifications and limitations. Keynes once again tried to impose restrictions on freedom. But western Economics is still largely based on non-intervention. Almost all economic theories of the west pre-suppose free play of economic forces as is evident from the dictum ‘other conditions remaining the same’. It is also one of the reasons why Economics developed as a Positive Natural Science in the West. When economic forces were allowed to move freely we can observe the mechanism and causal relation between events and work out the generalisations, we call economic theories or laws. The Indian economists never believed in laissez-faire. They have always suggested control over price wage, interest, profit etc. Traditionally we have been believers in controlled economy and protection. The Indian nationalists like R.C. Dutt, Ranaday, Gokhlay and Mahatma Gandhi have upheld this tradition of Indian Economics.

4. *Few wants Vs. Multiplicity of wants*:

The west has always believed in a lavish and luxurious life in which there are too many wants and hectic efforts to satisfy those wants. Not only the western economists but also the economic system of the west is based on limitless multiplicity of wants and they believe that such a system affords not only greater pleasure which arises from the satisfaction of wants but it also gives rise to-
more productive activity and consequent employment in the society. This is precisely the reason why the western life style has greater speed and feverish economic activity. The Indian economists on the other hand believe in simplicity and austere life. According to them a life which has few wants is not only happier but gives a man an opportunity of devotion to higher pursuits like realisation of Truth and the salvation (Moksha) which has been considered the greatest Purushartha of an individual. The modern economists of India have religiously upheld this tradition. Prof. J.K. Mehta has explained this idea by his celebrated theory of ‘Wantlessness’.
CHAPTER III

Some Theoretical Concepts

We have pointed out in the previous chapter that the Vedic cultural life was divided into two sharply defined currents or tendencies each having its own ideals and values and differing sharply from the other culture. The Vedas have described these two cultures as those of Devas and Asuras. Both the societies had their own Gurus or guides, their own literature and their own way of life. We, however, do not subscribe to the view that Asuras were in any way an inferior race. In certain cases their civilization was far superior to that of Aryans but the ancient Indian society of the Vedic period gives ample proof of the prolonged conflict between the two civilizations. The contemporary economic ideas also show this division. Brahaspati was the Guru of Devas, whom we can call the Aryans and Shukra was the Guru of Asuras and both the Gurus are also the two earliest founders of Nitishastra and Arthshastra. Their ideas and attitudes towards wealth and material welfare differ widely at many places. These two traditions or schools of thought continued for several centuries even after Brahaspati and Shukra. It appears that Manu, Brahaspati and Vedvyas were the greatest Acharyas of the Aryan tradition while Shukra, Kautilya and Kamandak of later years (the writer of Nitisar in 400 A.D. or later) were the writers of other rival school of thought. No doubt, there have been writers who have tried to reconcile the conflicting ideas and work out a synthesis based on the conflicting theories. That is why both Shukra and Brahaspati as also Kautilya and Kamandak have been accepted as the exponents of the Vedic culture inspite of their unorthodox approach of life. But this has been the characteristic and tradition of Hindu society from the very beginning. Gautam Buddha shook the
foundation of the Vedic culture and civilization but the later poets and writers hailed him as the 10th incarnation of Vishnu.¹

Definitions of Arthshastra and Varta:

The word Arthshastra to day means the science of economics. This word was extensively used by the early Indian thinkers but then it had a different connotation altogether. It was a body of knowledge which included the art and science of administration, practical ethics and a study of economic life of the individual and the society. Arthashastra in those days was not Economics alone but a combination of Sociology, Politics, Administration including defence and a study of economic life. Shukra has given the following definition of Arthashastra, “Arthashastra is the science which discusses the duties of the King in accordance with the scriptures. It also studies the methods of collection of wealth”.² Shukra’s definition is clear and explicit in respect of subject matter and scope of Economics. In Shukraniti precisely this is what, he (Shukra) has done. He has discussed that the rulers should attend to the various duties of the State including those of collection of revenue and expenditure of the State funds for the welfare of the society. In fact, in the Shukraniti he has done much more than simply describing collection of wealth by the rulers. He has defined wealth and even given a rudimentary analysis of the theory of price which we shall discuss at an appropriate place.

An excellent definition of Arthshastra was given by Kautilya, which is being written for the purpose of comparison with the definition of Shukra. According to Kautilya “Arthshastra describes the ancient ideas of the former Acharyas related to the acquisition and protection of the country with its people”.³ According to Kautilya Athshastra studies how the rulers acquire

1. शीतमोचिविन्न—जयदेव।
2. शुरुः स्वरुः विरोधेन राजवृत्तं हि शासनम्।
   सूक्ष्मतयार्थिनः यत्र अर्थशास्त्रं तद्भ्यते॥ शुरुःन्निति, ४०१६।
3. कोटिलीय अर्थशास्त्र—वाचस्पति गौरोला, पृ० १।
the kingdom and support and protect their people. That means it is the study of the political, administrative and economic duties of the King.¹

Arthashastra in those days was largely a study of King's duties although the purpose of the King was the welfare of the subjects. The early Acharyas felt that this scope was incomplete and hence another branch of Arthashastra was developed which was called Vartashastra or only Varta by them.

Panini in his Ashtadhyayi defines Vartashastra as, "The body of knowledge which studies agriculture, trade and animal husbandry, the main means of livelihood of the society".² The word Varta is based on Vritti or the means of livelihood of the people. During the period of Panini (5th Century B.C.) another word Janpadi Vritti or the means of livelihood of the Janpad was prevalent. Yask in his Nirukta used Janpadi Vidya at several places much earlier than Panini.

Brahaspati in his Arthashastra has given the following definition of Varta, "It is a study of agriculture cow rearing and trade".³

Shukra was the first writer who included banking or money lending as an integral part of Varta. He defines Vartashastra in the following manner, "Varta includes money lending, agriculture, trade and cow rearing. The people involved in Varta became prosperous and fearless".⁴ Shukra has described the scope of Vartashastra at a different place in the following words, "Varta

1. मनुष्याणं वृत्तिर्ययं: मनुष्यवती भूमितिययं:।
   तस्या पृथिव्या लाम पालनोपाय: शास्त्रयूःशास्त्रमिति।—कौटिल्य १५११।

2. अष्टाद्यायी—४११४२।

3. कृषि गोर्षक्य वाणिज्यायि। बाङ्गालस्य अयुग्यास्त्र, लाल कलनसखल ज्ञ, ३१४।

4. कुषीद कृषि गोर्षक्य वाणिज्य वातंयते।
   सम्मुनावार्तव्या सार्वनूः वृत्तिमययमुच्छति। सुकुमरिति १५१५।
studies the problems associated with wealth and absence of wealth".¹

It is significant to note that the main problem of Dandniti (Jurisprudence) is the question of justice and injustice while that of Varta is the subject matter related to wealth and absence of wealth. What we call Economics to-day is more closely related with Varta than Arthshastra as it was known to the ancient society. More or less the same definition of Varta is given in other Sanskrit texts like Mahabharat, Ramayan,² Arthshastra of Kautilya³ etc. The Mahabharat defines Vartashasta in the following manner. “Varta includes agriculture, commerce, cow rearing and different sorts of handicrafts”.⁴ Perhaps no other scholar has included explicitly the various handicrafts as a subject matter of Varta.

Although Varta was attached great importance by the ancient Indian economists yet no separate book on Vartashastra is now available. The ideas about agriculture, commerce, cow rearing, money lending and handicrafts are found scattered throughout the old scriptures but it is quite possible that there might have been certain works exclusively devoted to the problems of Varta.

Varta continued to occupy a very prominent place in the Sanskrit works of a later period also. Some examples will not be out of place here. In the Devi Puran there is a prayer addressed to the mother Durga for the protection of agriculture, Cow and industries which were collectively called Varta.⁶ In Bhagwat Puran

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1. अन्यानयों तुवारतां धर्मनिर्मां नवानयों | शुक्रनिर्मि ११५२
2. कृषितवत्रिता: सवः वि विरक्षय जीवनः |
   बारतां संतितस्मातु लोकेक्हि नुक्सेयते ॥ अवोध्याकां १००१५८
3. कृषि, पशुपाल्य, वाणिज्य च बारा । कृषित्व १५११३
4. कृषि नृत्यिरं राजनिष्ठवारां प्रसादः ।
   कृषि वाणिज्य गोरक्षं निल्पानि निविष्टानि च ॥ शास्तिपर्व १६७११
5. पशुवाच्छे पवलनार्थवित कृषि कर्ममिति कारवातु।
   बारायां निठ्यविक: स्वातप्रास्त्र चेव रक्षणे ॥ देवीपुराण अ०४५
it is written, "Varta is fourfold viz. agriculture, commerce, cattle protection with money lending as the fourth among them".  

In Valmiki Ramayan which is also one of the greatest works in Sanskrit, the value of Varta has been acknowledged. In the commentary of Kamandak’s Nitisar by Sakaraya the names of Gautam, Shalihotra and Videh Raj have been mentioned as great scholars of Vartashastra. Unfortunately their works are not available now.

Definition of Art and Science:

Definition of Arthashastra brings us to the definitions of Art and Science and also a classification of various sciences. Shukra has discussed this topic in detail. He uses the word Vidya for Science and Kala for Art. According to him any action which is a subject for discussion (Vani) is a Science. An action which can be performed even by a dumb person is an Art. He further says that there are innumerable arts and science. However, the prominent sciences are thirty two in number and the number of foremost arts is sixty four. Shukra gives a detailed list of all the reorganised sciences and arts. The thirty two sciences, according to Shukra, consist of four Vedas, four Upvedas (Ayurveda, Dhanurveda, Gandharveda and Tantra) six Vedangs (Grammar, Education, Kalpa, Nirukta, Jyotish and Chhand). Besides these fourteen bodies of knowledge Shukra gives a list of other sciences also as: Mimansa, Nyaya, Sankhya, Vedant, Yog, History, Puran, Smriti, the ideas of atheists, Arthashastra, Science of Sex, Architecture, Alankar, Poetry, Language, Art of conversation, the Philosophy of the Greeks. 

1. कृपि वशिष्ठ्य गोरवया दुस्रीय तुर्मयुध्यते ।
   वार चतुर्विंश्च तथ च यत् चोलसुर्योदयिनिश्चम || भागवत पुराण 10.24.11.
2. वास्माधि रामायण अयोध्याकांड 10.04.16
3. यवसासद्वाचिकं समवक्षमं विषयसिद्धकम ।
   शवतोमृतोपि यस्यक्ता कर्ता संस्कृतवस्त्वम || शुक्लीति 41.26.5
4. गुज्यति 41.17, 65, 66, 70
It is now clear that Arthshastra is one of the prominent sciences. According to Shukra the list of arts is very comprehensive and includes dance, music, handicrafts, wrestling, warfare, chariot driving, ornament-making, cloth making, leather goods making etc. It also includes dairy farming, service, washing, cooking, ploughing the fields etc.

**Wealth:**

Although Arthshastra was a very wide science and covered the multifarious duties of the rulers. Production, Exchange and Distribution of Wealth continued to remain an integral part of Arthshastra and Varta which was an important branch of Arthshastra. The ancient scriptures discuss in detail the nature and importance of wealth. Shukra has given the following definition of wealth, “All articles like animals or cattle, foodgrain, cloth and hay are the items of wealth”. He again distinguishes between money and wealth by saying that anything which is used as a medium of exchange is money for example shells or jewels. In one verse he gives an example to show distinction between money and wealth. He says that gold when used for exchange purposes is money and when it is used in other forms it is wealth.

**Importance of Wealth:**

The ancient writers have discussed in detail the importance of wealth and their views are different in this respect. Vedyvya in the Mahabharat says, “I raise my hand and declare that Dharma is the real cause of Arth and Kama, therefore, people should stick to Dharma but no body listens to me.”

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1. व्यवहारं वराहायं रत्नं तं प्रथममिरितम्।
   स पशु वायु सत्त्रादि तुणं तं घनसंस्कर्मण। शुक्लनीति २१३४६।
2. Ibid., 2/347.
3. उत्तरावधिविषेण न च काशिचल्लु गोति माम।
   वरदवर्धणं कामस्ब सधर्मं कि न सेवनं। शारिरिकं।
   महाभारत वेद्यासौनिकतः
ancient seers placed four ideals before mankind, which are called the four Purusarthas, namely, Dharma, Arth, Kama and Moksha. The view of Vedvyas is quite emphatic in this respect and he believes that man should consider Dharma as the supreme ideal because by following the path of Dharma and morality one can attain the other three ideals also. This was the catholic Aryan view. Manu and his disciple Brahaspati upheld this view and placed wealth in a less important order in the life of the society. Shukra gives a different view altogether. He declares that wealth is of greater importance than even Dharma. 1 Shukra again says, “Man is the slave of wealth, wealth is not the slave of anybody, therefore, man must stick to wealth”. 2 Throughout his work Shukra maintains a realistic and pragmatic approach to the social, political and economic problems of the society. His views are not influenced by unnecessary sentiments and moral principles. While pointing out the importance of wealth in the society he observes at a different place, “A poor man is abandoned by his wife and children even if he has many virtues, therefore, wealth is the essence of worldly behaviour of the people”. 3 Shukra adds that a man should try to acquire wealth by knowledge, service, bravery or agriculture. 4 Shukra exhorts people to earn money by any effort or art. He has almost allowed the people to acquire wealth by any means as is clear from verses of the Chapter third of Shukraniti. 5 Shukra further remarks, “A virtuous man is like a servant in the presence of a wealthy man. The vices of a rich man

1. अर्थात्मकि भाषण साधना कायशधारिपादिवृन्दान्यार मुक्तीति ४११२७४
2. अर्थात्मकि भाषण साधना कायशधारिपादिवृन्दान्यार मुक्तीति ४११२७१३
3. निविष्कृति बाह्यसंगठन सार्थमर्यथे में समृद्धि मुक्तीति ३११६
4. Ibid., 3/177.
5. कौशीद ब्राह्मण प्रदेश कलामिष्ठ प्रतिक्रिया: यस्मि केशाधिकारिपुर्वर खासवान्त्यान्त्या चरेति व मुक्तीति ३११७५
are considered his qualities and even the virtues of a poor man are
considered his defects”.

Kautilya and Kamandak who in our opinion are true followers
of Shukra, also consider wealth of greater importance than even
Dharma. Kautilya in his Arthshastra has upheld the Shukra’s
theory that in political or economic matters there should be no
place for morality and sentiments but this is a deviation from the
classical Aryan point of view.

In fact the question which one of the four purusharthas is of
utmost importance has been discussed at length at a number of
places. In the Mahabharat in Shantiparva there is a Chapter
(Number 167) exclusively devoted to this controversy. Long after
the battle of Mahabharat, a debate was held, in which Yudhisthir
and other Pandavas put this question to Bidur as to which of the
four Purusharthas is of supreme importance. Bidur who is
considered the incarnation of Dharma, says that Dharma is of the
utmost importance and Arth is of less importance than Dharma,
and in order of importance Kama is placed at the lowest position.

Thereupon Arjun contends that wealth appears to be of
importance because without wealth Dharma and Kama are not
fulfilled. The same is the opinion of Nakul and Sahdeo. Bhima
goes to the other extreme and says that desire or Kama is the
root cause of both-religious and economic activities, therefore,
Kama should be placed at the highest place among the three.
At the end of the debate Yudhisthir, who is called Dharma Raj,
declares that Moksha is of the greatest importance, which,

1. Ibid., 3/179, 180.
2. धर्मो चायं च कामे च लोककृति: समाहिता।
   तेषां गरीयानु कलमो मध्यमः को लघुलेच कः:। शास्तिपर्वः १६७।२
3. धर्मो राजान गुणः क्षेष्टो मध्यमो हार्म उच्यते।
   कामो कवियानितिं च प्रवदन्ति मनोमितिः।। शास्तिपर्वः १६७।४
4. शास्तिपर्वः १६७।४।
5. Ibid., 167/29.
according to him, is superior to Dharma, Arth and Kama. Brahmapati considers Dharma superior to Kama and Arth and he says, “With the help of Dharma the validity of Kama and Arth should be listed”.

The Mahabharat refers to Arjun as a scholar of Arthashastra at several places and to his conviction that without wealth the fulfilment of the other three ideals is not possible. Arjun is said to consider poverty as the greatest evil on earth and says that it is suitable for ascetics and not to the Kings. In the same context a very valuable theory has been asserted by him. Arjun says, “King Yudhisthir, when a person deprives one of his wealth, he also deprives him of his religion. Therefore, how can we excuse the people who take away our wealth by force”. He requests his brother not to praise poverty because it is a sin in the world and he cannot see any difference between a poor and a sinner.

Arjun in his discussion with Yudhisthir says that he is of the definite opinion that wealth is the cause of Dharma, Kama and Moksha. Without wealth worldly life also cannot be fulfilled.

The Mahabharat describes the views of other scholars in this connection. For example, Bhishma quotes Parashar’s view in this

1. Ibid., 167/44.
2. धर्मव यामव ररिीहो। वाहीथस्त्रय अर्थवास्त्रय २४४
3. शान्तिपव ५११
4. धर्म संहरते तत्स्य धर्म हुरत्य यस्य सः।।
हितमाने धने राज्ये वर्य कस्य भुवस्मिः।। शान्तिपव ५१२
5. अभिवल्ल प्रस्तवानति दिर्घं पार्श्वतस्तितम्।।
दिर्घं पालक लोके न तच्छसिः तुमहः।।
पवित्रं होणाते राजन निर्ममनहापि होणाते।।
विशेषं नाधिष्ठितम पतिन्यातनस्य क।। शान्तिपव ५१४, १४
6. अर्थव धर्मश्च कामश्च स्वरंमव नराचिप।।
प्राणवात्मापि लोकस्य हुर्यं न सिद्धवति।। शान्तिपव ५१७
respect. According to him Dharma is of supreme importance and one should not make money by foul means.\(^1\) Parashar holds that a person can attain salvation even without wealth because many rishis of ancient times realised Truth although they were poor.

The views of Parashar are of great importance. The Puranas have described him as the father of Vedvyas and his ideas have been extensively quoted throughout the Mahabharat and in the Shantiparva the dialogue between Parashar and Janak is also called ‘Parashar Gita’. The Parashar smriti is another valuable work of Sanskrit literature but according to Shri P. V. Kane it was written between 100 A.D. and 500 A.D. As we have written elsewhere, we believe that all the smritis were written by later writers on the basis of the memory (smriti) of the teachings of various scholars who lived much earlier. No scholar wrote his own smriti. The very word suggests that it is the compilation of the prevalent views of some earlier thinkers.

**Definition of Arth:**

The concept has been used somewhat loosely in the ancient Sanskrit texts. It is a part of the term Arthashastra meaning a science that studies Art but it has been used in a number of senses. Arth has been considered one of the four ideals—*purusharthas*—placed before mankind. Here it means material welfare. In the science of Arthashastra, it has a different connotation. Kautilya, for example, means by this term, *land inhabited by the people* and considers Arthashastra the science that helps in the acquisition and development of land and its people. But he gives another meaning. According to him Arth also means *the livelihood of the people.*\(^2\)

Arth also means wealth in different contexts. When Shukra says, “Arth is the master of all and no body is the master of

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\(^1\) वेदव्या धर्मनेते सर्वा वेदव्यानाध्यायिन्या तात् ।
धर्मस्वाश्वः लोकां न जहियाद्ध धन कांक्षया ॥ शालिपर्व २६२१२२

\(^2\) कौटिल्य १५११११
Arth". He means wealth by this term. It is obvious that this term is more comprehensive than wealth. According to D.R. Bhandarkar in Arthashastra 'Arth' means land and its people and in Varta it means livelihood.

There are many reasons why this view is untenable. In the first place Varta and Arthashastra are not two different sciences. Varta was a part of Arthashastra. Moreover, in both Varta and Arthashastra this term 'Arth' has been used is all the three senses referred earlier.

Definition of Consumption :

Although early economists were not familiar with the modern division of Economics into consumption, production, exchange and distribution but they have given us brilliant ideas about some economic activities. Shukra has analysed consumption which he calls Upbhog a term which found its place in the modern Hindu nomenclature. According to Shukra, “Consumption is the utilization of wealth for the protection of the living people”. Shukra has elaborated Upbhog in the following words at a different place, “The wealth spent in the acquisition or protection of things like corn, cloth house, garden, elephant, chariot learning, kingdom and more wealth is consumption”.

In modern text books of Economics consumption is generally considered a separate and more or less an independent activity of the individual and society and as such consumption is the first part of Economics. Shukra on the other hand does not consider consumption as a separate activity but an activity which is only a

1. शुक्रनीति ४१२५ अ ।
2. Some Aspects of Ancient Indian Polity—Bhandarkar, D.R.
3. उपमोघाय च धनं जीवितं देन रक्षितं । शुक्रनीति ११७५
4. वात्स्य वस्तवयुहाराम गोमजादि रथार्थकम् 
    विदाराज्ञावर्जनाथ धनाभिनम् तथं बर ॥
    अयोक्तं रक्षकां मुर्मिमयं तदुच्चते । शुक्रनीति २१३४, ३५
part of production. That is why all application of wealth for the production of more wealth or for the welfare of the people have been called Consumption as is clear from the definition given above. Shukra’s view is definitely more rational because basically there is no difference between the utilisation of the commodity in units of production like factory, field etc. and the utilisation in the household. Infact, the modern distinction between consumption and production is defective.

At other places Shukra uses this concept Upbhog for the expenditure and advises the rulers to be economical in the use of wealth. He asks the rulers to use the wealth for further production of wealth and not for the fulfilment of personal desires. Shukra says, “The wealth, which has been hoarded only for wife and children and also for the satisfaction of desires, leads the people to hell. It cannot make one happy”.

Scope of Economics:

Arthashastra as defined earlier was a very comprehensive science and it was not simply a study of the economic activities of individual, society and state but it included almost all the duties of the rulers. Shukraniti and Brahaspati’s Arthashastra are the two great works before Kautilya. The Mahabharat also does not stand in any way inferior to these two eminent works. Thus a close study of these texts gives an idea of subject matter covered by Arthashastra. This tradition was continued by the scholars of later period also like Kautilya (4th B.C.) Kamandak (4th A.D.) and Somdeo (10th A.D.). Arthashastra as understood by the ancient writers was a study of the following subjects:

1. Dandniti or Jurisprudence and Polity:

Arthashastra discussed in detail the art and science of administration. Kautilya refers to the views of Manu, Brahaspati and

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1. स्त्रीपुत्रायं कृतोपपश्च सोपमोगाय केवलः।
   नरकायं व समेयों परम सुख प्रदः।। सुकृिति ४१६६
Shukra and modifies these views. He says that according to Manu and his order the three Vedas, Varta (Economics) and Dandniti are the main sciences. He then refers to Brahaspati, according to whom, Arthashastra is a study of Varta and Dandniti. Kautilya then refers to Shukra and his followers who consider Dandniti the essence of not only Arthashastra but of all the sciences. Finally, Kautilya gives his own opinion that there are four categories of sciences, namely, Logic the three Veda's, Economics and Jurisprudence or Polity.¹

Kautilya's reference to Manu, Brahaspati and Shukra creates some difficulty in arriving at the right conclusion about the actual views of Shukra and Brahaspati. In Shukraniti Shukra, no doubt, emphasises Dandniti and considers it the basis of the society and the four ideals namely, Dharma, Arth, Kama and Moksha but he does not consider it simply theoretically as the only science. In fact, Shukra for the first has given an excellent classification and distinction of the thirty two sciences and sixty four arts. As pointed out earlier Shukra exhorts the rulers to study Logic, Vedas, Varta and Dandniti.²

But one thing is certain that Dandniti is the essence of Arthashastra according to ancient jurists and scholars. Shukra has defined Dandniti as a science which considers the problems of law and legality and decides what is lawful and what is unlawful for the society.³ Shukra decides that King has two foremost duties—one is the supporting of the people and the other is the liquidation of anti-social elements. These two purposes cannot be fulfilled without Dandniti.⁴

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1. कौटिल्य ११११
2. शुआनिति, ११५१
3. दंडनित्यां नवानयो | शुआनिति—११५३
4. नृपस्य परमोधम्: प्रजानां परिपालनम् | दुष्ट निग्रहं निस्प्रेणनित्या तीव्रिनहुये | शुआनिति—११५४
2. The Problems of Varta:

Arthashastra was a study of the economic problems of the society. It studied how the people earned wealth. As defined earlier in this Chapter Varta was a science that studied the means of livelihood of the people (Vritti) which have been classified into five categories by various ancient economists and they are—agriculture, commerce, cow rearing, money-lending and various handicrafts or industries. Although no separate work on Varta is now available almost all the works on Arthashastra and Nitishastra throw some light on the problems of Varta. In the Mahabharat, Shukraniti etc. a lot of informations in this connection is available.

The earlier works on this subject describe the methods of fixation of prices, interest, wages and profit. The various rules and regulations in regard to trade and transport of the commodities are also included in Arthashastra.

3. Public Finance:

Another part of Arthashastra was what we call to-day Public Finance. The ancient Indian economists devoted a lot of time and energy to the study of problems of Public Finance and they analysed these problems to the minutest detail. The ideas of Manu, Shukra, Veda, Brahaspati, Yajnavalkya and Buddha etc. were expressed at a time when there was no science of Public Finance all over the world. We have examined these views of early thinkers in a separate Chapter.

4. Other Subjects:

The early works of Arthashastra describe many things which may be considered irrelevant from the modern point of view. In Brahaspati's Arthashastra there is a detailed description of the geography of the country. He has described the different States, mountains, rivers etc.¹ Brahaspati also describes the people, their habits and ways of life in the different States of the country. Shukraniti is another great work which also gives a description

¹. बाहूस्पति अर्थशास्त्र—लाला
of the geography of the country. This tendency was, however, abandoned by Kautilya and later writers of the subject.

In the earlier works something of history is also mentioned. Shukraniti refers to the history of the country now and then. Then we also find a description of warfare, arms, forts and other such things. Here it is not out of place to mention that Shukra explains how cities, markets and capitals, should be planned. He describes the methods of construction of roads, bridges, houses, forts and many things besides.

Methods of Economics:

The earliest thinkers employed both deductive and inductive methods in their study of economic matters of the society. They formed some principles based on the ideals of the Vedas and the later scriptures and applied those principles for the solution of economic problems both theoretical and practical. This was deductive method. The Vedas taught them to lead a moral life and be honest and benevolent. Therefore, the ancient Sanskrit text is full of references praising charity and admiring the people who are charitable. In the scriptures we find hundreds of verses and Sutras where the people and the rulers are asked to collect money by fair means. Of course, certain writers e.g. Shukra and the thinkers in the tradition of Shukra life Kautilya and Kamandak of the later years, have not shown too much respect for the Vedic texts and the rigid principles of morality and religion and yet the method in their use also is deductive.

But it will be a mistaken view if we consider even for a moment that the economic thinking of the Aryans was devoid of inductive reasoning which is the basis of scientific approach to the problems while we do not dispute the fact that most of the economic thought of that period was of normative character. There were unquestionably many ideas which were positive generalisations based on observation, experiments and inductive reasoning. Some of the ideas were of the nature of scientific laws showing a universal relationship between a cause and an effect.
The ancient Aryans were familiar with Logic and the laws of thought and many schools of Logic were prevalent in the country before Kautilya. *Avvikshiki, Mimansa, Nyaya, Vaishishhik* were in fact different names of various schools of thought. Obviously, the Aryan scholars had a training in a scientific reasoning also which they applied to economic thinking. We shall discuss the positive ideas of the ancient thinkers at appropriate places in the relevant Chapters. At this place only a few examples will suffice to prove our point that inductive Economics was not unknown to the Aryans. (A) Shukra remarks in the Shukraniti, "Everybody is a slave of wealth and wealth is not slave to anybody".  
(B) Shukra declares that wealth is the cause of Dharma, Kama and Moksha.  
(C) The action which leads neither acquisition of wealth nor promotion of religion is useless.  
All these observations of Shukra are the generalisations based on inductive reasoning.  
(D) Price fluctuates as a result of changes in the desire (Kam) for the commodity and also due to the changes in its availability or supply. This is an excellent example of inductive reasoning leading to a scientific law.

1. शुक्नीति ४१२७२  
2. Ibid., 4/1284.  
3. धर्मायों यज्ञ न स्वातां तद्भाकां निर्पवङ्कम् ॥ शुक्नीति ४१२७२  
4. Ibid., 2/349.
CHAPTER IV

State and Economy

The Vedic and the post-Vedic scriptures have discussed the various aspects of State in detail. A number of words which are current in our society have been given by the Vedas e.g. the word *Rastra* is essentially a Vedic concept which is more comprehensive than 'State', 'Nation', 'Kingdom' etc. Rastra, according to the Vedas, is a community of thought, cultural, social and religious objectives and many things besides. In Rigveda we find a number of hymns addressed to the Gods praying for the protection and prosperity of the Rastra. In the Rigveda the various Gods have been invoked to make the Rastra strong, stable and prosperous.\(^1\)

In the Yajurveda there is a hymn showing the resolve of the Aryans to protect the Rastra and to be vigilant.\(^2\) In the Atharvaveda there is a verse which means that a King can protect the Rastra only by observing Brahmacharya.\(^3\) In the Rigveda again the King has been asked to remain firm like a mountain and to protect the Rastra like Indra.\(^4\)

In the Sutras, Brahmans, Smritis and Puranas also this word has been used liberally and it is clear that the ancient Aryans were fully alive to their duty and responsibility of keeping the Rastra free and strong.

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1. धृतं ते राजा वर्णो धृतं देवो ब्रह्मविश्वतः।
   धृतं तं हिंदुविभाविन्न राष्ट्रं धारयतां धृतम्॥ षष्ठेष १०१७३१४

2. वर्ण राष्ट्रः जागुरुम पुरौहिता:। ब्रजवेद ६१२३

3. ब्रह्मविश्वतः तपस्वा राजा राष्ट्रं वि रक्षति—अर्थवेद ५११७

4. इस्वन्ध्विन्म भव च साध्वाहः: परंतं हुनाविश्वाचति।
   इत्या इवेऽह धृवविभाविन्न राष्ट्रनगरस।॥ षष्ठेष १०१७३१२
The word Rastra did not mean what it means today. The word as it is understood at present means a State or a nation which may be a federation of many small States. India for example is a nation but in ancient times a Rastra was only a Kingdom or the territory of a King and in Aryavarta itself there were many such Kingdoms or Rastras. According to Shri P.V. Kane the meaning of Rastra was only the land or the territory of the ruler. Mr. Kane also observes “In ancient India the modern sentiment of nationalism had hardly taken root. The writers speak of Rajya (State) and of Rastra (territory) as an element of Rajya. They had no sense of nationality nor they seriously worked for national unity”. While we agree with P.V. Kane’s view that the meaning of Rastra in ancient India was different from what it is to-day, we feel that the distinction between Rajya and Rastra is superficial. The two words have been alternatively used in ancient text and for practical purposes there was no difference between the two. However in grammar and Nirukta they were clearly distinguished from each other because they had different origins and uses.

The Aiteraiya Brahman for the first time describes the various kinds of States. No where else we find such a logical classification of States. According to this Brahman there are eight kinds of States, namely, Samrajya, Bhaujya, Swarajya, Vairajya, Parmeshthya Rajya, Maharajya, Adipatyamaya, Samant Pariyayi.

It is difficult to describe the characteristics of various kinds of States mentioned above but the meanings of some States are quite clear. Maharajya for example was a federation of small States. Samrajya was something like an empire in which the other smaller States were allowed to exist as Subordinate kingdoms. In the

2. स्वतंत्र जनम, सवाराज्य, परमेश्वर राज्य, महाराज्य, अधिपत्य, सम्बद्धप्रतिष्ठा, सवाराज्य, अधिपत्य, जनम, संस्थान, सम्बद्धप्रतिष्ठा, सर्वचुनाय, ब्राह्मण अध्याय एकांतता; प्रतिष्ठान सम्बद्धप्रतिष्ठा, सर्वचुनाय, ब्राह्मण अध्याय एकांतता।

(एतरेय ब्राह्मण अध्याय ६)
Vedas it is also mentioned that the Kings were sometimes elected and nobody could remain in power against the wishes of the people especially the Brahmans. It appears that during the post-Vedic period the custom of election of the rulers was abandoned and Kingship became hereditary as is evident from the various dynasties described in the Mahabharat and other scriptures. One thing is, however, clear that the Kings were generally the Kshatriyas but in exceptional cases non-Kshatriyas also could become Kings. In the Mahabharat Karna was a non-Kshatriya, a member of backward community, of chariot drivers (Sut) but Duryodhan made him the King of Angdesh so also Acharya Drona, though a Brahman defeated King Drupad in the battle and captured half of his kingdom of which he became a ruler himself. But these are the exceptions and not the rules.

It is a matter of historic interest to ascertain when the various kingdoms were united to from a federation or a single nation called Bharatvarsha. There is a theory that India was called Bharatvarsha after the name of King Bharat, the son of Shakuntala and Dushyanta, an Aryan ruler. According to this view Bharat founded a strong empire from the Himalaya to the Ocean in the south and it was called Bharatvarsha. According to another theory Bharat Chakravarty was some other emperor who later on became a Jain Tirthankar.

One thing is however certain that the first serious attempt of uniting the various kingdoms of the country, constantly at war with each other, was made by Shri Krishna who is gradually being recognised as a historical figure. The country had to face unprecedented blood bath in the epic battle of Mahabharat in which almost all the Kings and innumerable warriors perished. This was the tremendous price the country paid for the formation of a nation. Another effort was made much later by Acharya Kautilya who annihilated the Nand dynasty and made Chandra Gupta Maurya the emperor of the first Maurya empire. His grandson Ashok further extended the empire and consolidated and strengthened it
considerably. But whenever the centre weakened the subordinate kingdoms became independent and the rulers in the centre struggled ceaselessly with them to control them and political history of India has been mostly the tale of struggle between desperate centre on one end and the unruly and ambitious kingdoms on the other end. This thing continued right upto the liquidation of the Mughal Empire and has not totally disappeared even now.

Constituents of the State:

According to Shukraniti there are seven parts of the State or Kingdom namely — (i) King, (ii) Minister, (iii) allies, (iv) treasury, (v) country, (vi) Fort and (vii) Army.¹

The centre of the State was the King around whom the other parts revolved. At certain places the King has been acclaimed as incarnation of divinity and the Saviour of religion. Although at certain places we find that the rights of King were limited and sometimes they were dethroned and even killed by the dissatisfied subjects and countiers. However, monarchy was the essence of Indian political life and it is a richful thinking to consider ancient Indian society believing in democracy as it is understood today. The people to the most of the cases were totally indifferent to the political upheavals of the society. Politics was confined to the rulers and the ministers and at the most some of the intellectuals of the country.

It is interesting to note that various parts of the State also called the Prakritis or Angas have been described by a large number of ancient scriptures. In the Mahabharat Bhishma asks Yudhishthir to protect seven elements namely, (i) His own body, (ii) Minister, (iii) Treasury, (iv) Army, (v) Allies, (vi) Territory and (vii) The Capital because these are the seven essential

¹ स्वमभमात्य सुहुरकोश राष्ट्र दुर्गवतानि च।
साप्तागमुख्यं राज्यं तत्तमूर्धां नूष: स्मृत:।। शुक्रनिति: १६२।
elements of the State. Kauthilya also mention the seven parts of the State although his order is slightly different. Yajnavalkya also gives the same list of seven parts of State. Manu also recognises these seven parts although his order differs slightly from those of Yajnavalkya, Kauthilya etc.

Invariably all the people have recognised the value of a rich treasury (Kosha). We have discussed the ideas of the various writers about the importance of Kosha elsewhere. Manu writes that all the seven parts of the State are equally important and none of them should be considered more important than the others.

Although the word Rajya was never sharply defined by the writers, their idea of a State was an organism comprising the seven or eight constituents mentioned above with the monarch forming the nucleus. The ancient writers considered the King an incarnation of divinity and Dharma and at numerous places the people have been asked to obey the King and consider him as a representative of various Gods on earth. Manu says that the Gods Agni, Vayu, Surya, Chandra, Yama, Kuber, and Indra reside:

1. राज्य सर्वेऽरुप राेजयानि तानि चेत्व निन्दोष ने।
   आत्मामात्मायात्मा कोशाश्च दण्डोऽ मित्राणि चेत्व हि।
   तथा जनपदाशेषव पूरव च कुर्हन्नन्दन।
   एतत् सप्ताष्टमकं राज्यं परिपालयं प्रयस्तः।
   जातिपर्वम् ६२१६४, ६५।

2. स्वाम्याय जनमद दुःखो कोश दण्डमित्राणि प्रकृतयः।
   कृ कृ हृ ६११।
   ३० २५७।

3. स्वाम्याया जनो दुःखो कोशो दण्डम्पचः।
   मित्राष्य: प्रकृतयो राज्यं सप्तांगमुच्यते।
   याज्ञवल्क्य ज्ञृतिः ११३५३।

4. स्वाम्याययी पुरु राज्यं कोश दण्डो सुहृत्वा।
   सप्त प्रकृतयो ह्यायः: सप्तांग राज्यसुच्यते।
   मनुस्मृतिः ६१२६४।

5. सप्तांगस्पेषु राज्यस्य विप्रात्त्वस्य विद्वदृढः।
   अन्याय गुणवक्षेपश्चानु किष्टितिरिभुः।
   मनु ६१२६६।
in the person of a King. The people should not insult a King; even if he is a boy.

The various scriptures have discussed the duties of the Kings at length. Shukra, Manu etc. have asked the Kings to cultivate the virtues and qualities without which they cannot rule properly. The science of administration was known as Rajyadharma and Dandniti of which Arthashastra was an essential part. We have pointed out in the initial Chapters of this study that Rajyadharma, Arthasastra and Dandniti meant more or less the same science in the ancient times.

State and the Economic System:

The word economic system is somewhat misleading because it seems to suggest that the economy in ancient times was systematically controlled by the State and proper attention was paid to agriculture, industry, trade and commerce and the aspects of the economy. No doubt, most of the writers were in favour of rigid control over price, profit, wages and interest. They have repeatedly warned the rulers to take utmost care of Varta without which a strong and stable Kingdom cannot be established. However, there is little evidence to prove that their ideas were actually put into practice. The writers of economic history of India have quoted Shukra, Manu, Yajnavalkya, Mahabharat and other texts in order to prove that in ancient times the Aryan economy was under rigid control of the rulers. Infact, the works mentioned above are essentially the works of economic ideas and not of economic systems. In order to describe the ancient economic system we shall have to take the help of other sources of historic value like the descriptions of travellers, accounts of the historians, historical monuments, coins and other relics. We should also remember that in our country there were hundreds of small Kingdoms each having its own natural resources.

1. मनु ७१७
2. Ibid., 7/8.
historical and geographical background, culture, civilization and institutions. It is absurd to consider that all these States strictly followed the rules prescribed by Manu, Shukra, Yajnavalkya, Kautilya etc.

However, our study is concerned more with the economic ideas. The ancient writers have repeatedly asked the rulers to take care of the productive activity of the State and try to develop it. Varta was a very important part of the State-craft and/or Rajdharma. In fact, Arthashastra was considered so important by some of the writers that the Art and Science of Administration which was formerly known as Rajdharma was given the name Arthashastra by many writers like Brahaspati and Kautilya.

It was considered one of the most important duties of the King to protect agriculture, animal husbandry, trade and commerce etc. Some of their ideas about these aspects of economy have been discussed in the various chapters of this study at appropriate places. The Vedic texts are full of praises for agriculture and cow rearing. In the Mahabharat there is a very interesting episode describing the immense value of cow. The sage Chyavan who was considered more valuable than the entire kingdom of Nahush was exchanged for a cow which alone was considered of equal value.\(^1\) In the same Chapter the King has been asked to protect the cows because nothing is more valuable than the cows.\(^2\)

According to Shukra agriculture is the best occupation.\(^3\) In the Mahabharat the sage Narad asks Yudhisthir to collect good seeds at the harvest time. It was also considered the duty

\(^{1}\) अतिशोक्तिप्रयः बिप्रयः गवा कृतोदसि मार्गवः।
एतत्सूत्यमाहं मन्ये तव धर्मभूतां वर॥ अनुशासनपाखः ५१२५

\(^{2}\) कृतिनं ध्रवणं दानं दर्जनं चापि पापिवः।
गवं प्राप्तेते वीर सर्वपापहरं शिवम॥ अनुशासनपाखः ५१२७

\(^{3}\) शुक्रीति ३१२६४
of the ruler to make arrangement for irrigation. Shukra rules that during the rainp season water should be stored and utilised for agricultural purposes. In the Mahabharat again the King has been asked to furnish agricultural credit to the needy farmers. The Kings have been asked to impose only reasonable taxes on the farmers. In the Mahabharat Bhishma warns Yudhishthir that the farmers should not be harrassed because they may quit the country and that will be a great calamity. Bhishma points out the importance of traders and industrialists and asks Yudhishthir to protect them so that they may develop trade, commerce, industry and agriculture of the country. They should be taxed lightly and be allowed to move freely in the country. According to Shukra the King should store foodgrains both for defence purpose and also to feed the population during the famines and lean years which were obviously very frequent in those days.

According to Manu it is the duty of the State to see that the articles are sold at reasonable prices which are to be fixed and revised by the rulers from time to time. It is also the duty of the State to construct roads. In the Mahabharat also the importance of roads has been emphasized. The roads should be metalled and there should be good arrangement of rest houses (Panthashala) at proper places. The State should also construct the bridges across the rivers, and where it is not possible ferry boats should be arranged. Manu even prescribes rates of ferry boats.

1. Ibid., 4/393.
2. समापवर् ५/७६
3. शास्तिपवर् ७/१३८
4. Ibid., 87/39.
5. Ibid., 87/40.
6. मनुस्मृति १/४०२
7. शुक्लीति १२५६, ६०, ६१
8. शास्तिपवर् ६६४३
9. शुक्लीति ११६५
10. मनुस्मृति ६/४०५, ६
State Control Over the Economy:

Most of the ancient writers were in favour of controlled economy and they have repeatedly recommended to the rulers to fix up the rates of prices, wages, interest, profit, taxes and other such charges. The Aryans never favoured laissez faire. Although they could not formulate the laws of Economics in detail but they were aware that if the people are left at the mercy of economic forces the poor and the weak will be the worst sufferers. They also realised that traders and money-lenders were unscrupulous people by nature and unless they are strictly controlled the workers and consumers are likely to be exploited.

Manu rules that the prices should be fixed by the King1 and care should be taken that the traders get a reasonable return on their investment. Such prices should be revised from time to time. Shukra even gives a list of the prices which should be charged from the customers.2

It was also considered the duty of the State to control the rate of interest. Yajnavalkya prescribes 1.25% per month as the ideal rate of interest. Manu quotes Vashistha by saying that 1.5% per month is the most reasonable rate of interest. The Kings have been asked by these writers to see that money lenders are not to charge usurious rate. It is also considered the duty of the State to see that borrowers are protected from the clutches of the money lenders. However, it is more wishful thinking to assume that the rulers could control these sharks in actual practice. Even today the money lenders are at large in our society and no government can boast of controlling their nefarious activities.

The State has also been advised to control the wages of the workers of various types. Shukra gives an excellent analysis of wages. Manu even prescribes the rates of wage to be paid to the

1. मनुस्मृति ४१४०२
2. शुक्रनीति ४१२१६
skilled and unskilled workers e.g. an unskilled workers should get one Pana every day besides clothes and food; the skilled workers should be given six Pana per day. According to Manu it is the duty of the State to see that the charges at the ferries are also reasonable.

Yajnavalkya is in favour of rigid control over the profits of the traders and producers. According to him a trader who sells a commodity made indigenously, is entitled to get a profit of 5\% over the cost and for imported goods the rate of profit should be 10\%. He rules that the King should fix up the price of the commodity after taking into consideration the cost of production, Other charges and the prescribed rate of profit.

State Enterprise:

Although the ancient economist were in favour of rigid control over the economy they preferred productive activities to be confined to the private industrialists and traders. At certain places, however, we find references to State farms and State industries. In the Shukraniti, the rulers have been asked to take care of their personal property, industry and agriculture. It was Kautilya who made rules for State industries both for increasing the income of the King and to produce commodities necessary for the defence of the country. Kautilya’s Arthshastra is essentially a plan based on mixed economy in which a part of agriculture and some vital industries are owned and managed by the State and most of agriculture and other industries are left with the private entreprenuers. Kautilya gives a complete list of the officials like Sutradyaksha, Sittadhyakshya or incharge of agriculture, Suradhyakshya or incharge of State distillaries, Sunadhyakshya or incharge of slaughter house, Goadhyakshya or in charge of cattle farms and so on.

1. मनुस्मृति ७१२६
2. याज्ञवल्क्यस्मृति—निर्णयकादि दण्ड प्रकरणम् हलक ५६, पृ० १४५
3. Ibid., 57, p. 145.
4. कौटिल्य अर्थशास्त्र—अधिकरण २, अध्याय २२, २४ इत्यादि
Before Kautilya, however, the idea of State enterprise was vague and somewhat confused. The State farms and State cattle mentioned in the Shukraniti and the Mahabharat were more or less the personal property of the Kings and their purpose was mostly to produce articles for the consumption of the palace. The articles required for the armed forces were produced by private artisans under the supervision of the State officials, according to the prescribed specifications. In fact, the ideal of most of the writers before Kautilya was private ownership of enterprise under the State control in respect of price, wage, profit, interest etc.

Place of Treasury in the Economy:

The early writers fully realised the value of a rich Treasury (Kosha) and they have repeatedly warned the rules to preserve Kosha at all costs. In Chapter V of this work we are elaborating the importance of Treasury explained by the thinkers and the methods of enriching it. It is sufficient to mention here that in their opinion a strong Treasury was vital for the defence purposes and for the development of the economy also and for the preservation of the society.

War Time Economy:

War was a regular feature of ancient Aryan society and a close study of the Sanskrit texts right from the Vedas to the Puranas and Mahabharat convince beyond doubt that there were frequent wars and battles. Some of them were very destructive like the battle of the Mahabharat in which most of the Kings of the country perished. The war between Devas and Asuras was probably a prolonged struggle between two cultures. In the same way the militant Brahmins under the leadership of Parushram waged a destructive war against the Kshatriyas or the ruling race of the country which also resulted in the annihilation of many kingdoms. Although the historic value of these legends is yet to be ascertained but one thing is definite that the ancient Aryans were very militant and war like and the old kingdoms were always at war with each other. The Mahabharat showers praises upon.
the Kings who conquer other kingdoms and bring back glory and riches to their own kingdoms.

No wonder the ancient writers have also discussed the economic problems arising from the wars and expeditions of the Kings. The writers were aware that a lot of money was required to build up strong armed forces, a net work of spies, vital roads, forts and arms and equipments. For this purpose the King must build up a rich treasury. Bhishma asks Yudhisthir to enrich the treasury and preserve it carefully without which a strong army cannot be maintained and without a strong army a State cannot exist.¹

The Mahabharat prescribes certain duties to the King during calamities, of which war was obviously most common. In the Mahabharat (Shantiparva) a number of Chapters discuss such duties—Apaddharma. During the war period the Kings are asked to collect money by other means also. They are asked to raise loans from the rich traders with the promise to repay them after the calamity was over. For this purpose the King should visit the villagers personally.² The King should carefully make preparations for the ensuing war. He should stock the State granaries so that there may not be a shortage of food stuff during the war. Bhishma asks Yudhisthir to destroy the crops in case it is impossible to reap-

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¹ स्वराष्ट्रात परराष्ट्राच्च कोसं संजनवेतूः।
कोशाँत्रि धर्मं: कौन्तेय राज्य मूलं च वर्षते।
तस्मात संजनवेतूः कोशं सत्कृत्य परिपालवेत्।
परिपाल्याविनुतुणौवेत्।
श्रीमं सत्तात:।
न कोश: शुद्धशैलेन न नृथांशेन जातुभिन्न:।
महमम पदमास्याय कोशं संग्रहयं चररेत्।
अबलस्य कुत्त: कौशो हृष्टकोशस्य कुत्ती बलम्।
अबलस्य कुत्ती राज्यमंत्राय: श्रीमवेतु: कुत्त:।
शान्तिपर्यं ११३१२,२,३,४।

² शान्तिपर्यं ५३।२६
and store them in the fort so that the food stuff may not fall into the hands of the enemy.¹

Bhishma further advises Yudhishthir to stock fuel, medicines, grass for the horses and articles like oil, honey butter, arms etc. within the forts. He should sink new wells and repair the old wells.² Bhishma rules that the crops, bridges, roads and forts etc. of the enemy should be destroyed. The King should repair his own forts and equip them with supplies and armaments. The Beggars, lunatics etc. should be banished from the kingdom during the war time.³

The Manusmriti also prescribes certain guidelines to meet the requirements of the war. According to Manu the roads leading to the kingdoms of the enemy should be carefully repaired so that the army and supplies may be transported conveniently.⁴ In this Smriti there is a detailed description of army formations or Byooh in Chapter VII which throws some light on the art and science of ancient warfare in India which can be a very interesting study for the students of Military Science. Manu also advises that the infrastructure of the economy of the enemy should be systematically destroyed.⁵ Manu, however, rules that the King should save his life at all costs and for this purpose if it is necessary to abandon the territory how so ever beautiful, fertile and rich it may be, he should do it.⁶ Manu writes that wealth is needed to tide over the

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1. शस्याभिषर्वं कुर्यायचं स्वयमेव नराधिपः।
   असमन्वः प्रवेषस्तव ददेहु दापाणिना मूसास्॥ शालितपार्वः 9६१३७
2. शालितपार्वः 9६१४६
3. शालितपार्वः 9६१५१
4. मनुस्मृति ७१८४, ५१।
5. Ibid., ७/१९६।
6. क्षेमायं शस्यप्रदानं नित्यं वसुविद्यकरीमपि।
   परित्यज्ये तपो तुम्मिमात्तायां मन्त्वन्त्वा॥ मनुस्मृति ७१२१२
-calamity and to protect woman but the safety of the King is of supreme importance.\footnote{Ibid., 7/213.}

Economic Ideals of the State:

\textbf{(A) Fourfold Division of the Society:}

The ancient writers invariably believed in \textit{Varnashram} system of the society. The Aryans divided the society into four classes known as \textit{Varna} viz., Brahman, Kshatriya, Vaishya and Sudra. Economically this was the earliest division of labour because every Varna was prescribed to take to its own occupation. The Brahmans were asked to devote themselves exclusively to the pursuit of learning and development of art and sciences. The duty of the Kshatriyas was to serve the society in the capacity of soldiers or administrator. Agriculture, trade, industry, banking etc. were the exclusive duties of the Vaishya and the Sudra was assigned the duty of serving the other three communities. It is difficult to ascertain the exact time of origin of this fourfold division of the society but there is evidence to prove that during the Vedic period it was firmly established in the society. The later scriptures, not only accepted it but further elaborated it. Perhaps Lord Buddha was the first man who questioned the validity of this system. He has declared at a number of places that a man can claim to be a Brahman only by doing right actions and not by birth. In the Jatakas we find many such incidents where the theory of superiority of caste has been criticised. The early Jain thinkers also rejected the fourfold division of the society. But the tradition of the Vedic period survived the criticism and in some form or the other it still exists.

The early writers asked the Kings to see that the Varnashram system was strictly observed. In fact, it was one of the primary duties of the King to make sure that the members of various communities performed the duties prescribed by the Shastras. It has been called the Natural duty' (\textit{Svadharma}) in the Gita, according
to which it is far better to die performing one’s Natural duty.² According to the Gita the fourfold division of the society was created by God himself³ and must not be abandoned at any cost. Although there are references of certain persons being converted into other Varna but they are isolated and exceptional examples. The basis of the fourfold division of the society was birth and not action. According to the early writers Brahmans were the privileged members of the society. In most of the cases they were exempted from taxes and even the ferries did not charge any thing for taking them across the rivers. They were required to pay lower rates of interest.⁴ Some writers ruled that the Brahmans can take the property of the Sudras without giving them any price. According to the Mahabharat the King should see that Brahmans are not put to any difficulty in his kingdom. It is not necessary to quote the numerous Shlokas which describe superiority of Brahmans and duties of the King to take care of them.

(B) Welfare and Prosperity of the Subjects:

Another economic ideal of the State was the welfare of the society and it was one of the foremost duties of the King to make sure that all the people were provided with food and clothing. In the Mahabharat Bhishma repeatedly warns Yudhisthir that he should not take money from the poor people. He says that a person who eats delicious food in the presence of hungry children who do not get a part of it, is a great sinner.⁴ There should be no starvation in the kingdom.⁵

Sometimes it is suggested that the Aryans loved poverty. Such.

1. स्वच्छ्यम् निघर्ने भ्रेय, परभ्रमण मयावह् | श्रीमदभगवद्गीताः
2. चातुर्वर्ष्णं मयासूष्ट्रं शुभसम्बं विभागतः | श्रीमदभगवद्गीताः 4.193
3. मनुभृति ५.१२० , ४१
4. पेवां स्वार्थानि मोन्यानि समवेध्यानि बालकाः |
   नास्ति विभवातु तत्ति कि मु पापतरं ततः | अनुवासनपरं ६.०.२७
5. धिक तस्य जीवितं राजो राज्यं यस्यावसीदिति |
   हि जो यो व नमुः पौर्णिम शिभिराह हि याव | अनुवासनपरं ६.०.२६
a view is however, mistaken. It is true that they believed in simple living and fewer wants, they fully realised the value and importance of wealth. Poverty was never an ideal of the society.¹ There are innumerable ideas from the Vedas to the comparatively modern Sanskrit works which suggest that prosperity of the people was the ideal in their minds. They believed that an ideal economy was one in which the basic needs of the people were satisfied and there was abundance and prosperity everywhere. And yet most of the ancient writers with the exception of a few, favoured an austere life devoted to higher pursuits like realisation of truth etc. We have pointed out in the earlier Chapters that the representative and traditional Indian ideal avoided the two extremes and believed in Golden Mean (Madhyam Pratipada) of Buddha, balanced living (Yukta Vihar) of the Gita and (Isha Vasya Vratti) of the Vedas and Upanishads. According to the ancient thinkers the life of the individuals and society should be like the lotus flower which grows in the water and draws its sustenance from it yet remains untouched by water. No wonder the lotus became the symbol of Indian ideals and values of life.

(C) Dignity of Labour:

The Indians analysed the various aspects of Karma and labour. Labour was not only a means of earning the livelihood but also a means of realisation of truth. This was the message of the Gita. However, there have been people who have interpreted it in different forms. Before Gita labour for the livelihood and worship for the realisation of God were two different things not so closely connected with each other. The Gita gave a new break through by bridging the gap between work and worship and it declared that by devoting oneself exclusively to the Natural action (Svadharma) a person can realise God.² At another place the Gita strongly urges

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¹ Kokshaagar cha te nityam Saktiirdvam: mutumulatu
Sudarsho sanitu sanvasthe dharmasya paro bhav II dharmaprav ११६१७

² Nityam krut-karmoiti karmo Varya drstukarmam: I
Sharir pavanaapi cha te na pratisjreevad karmam: II shrimadhagurotaka ३१८
people not to abandon the natural action even if it seems to be full of defects. Action must not be given up only it should be done in the right manner and spirit. We should however remember that the Gita does not recommend that physical labour has any dignity as presumed by some of the modern writers. The Gita favours devotion to one's natural action which is not necessarily physical labour. In the Mahabharat also dignity of labour has been emphasized. At one place Vedvyas suggests that the people who have two hands are capable of doing everything. Late Acharya Vasudeo Sharan Agrawal called it *Panhavat* of the Mahabharat which suggests the dignity of labour.

(D) Law and Order:

The ancient writers believed that it is the duty of the King to maintain law and order in the society without which there could be no development of the economy. In the Mahabharat Bhishma advises Yudhisthir that lawlessness is a disgrace to the King and in a lawless society agriculture, cattle-rearing and commerce cannot develop. This also includes protection of the people from invasions of the foreigners. All the writers and law givers ruled that the King who does not protect the people from enemy and criminals is a sinner.

(E) Development of Varta:

Another economic ideal of the State was the development of agriculture, animal husbandry, commerce, banking and handicrafts collectively known as Varta. They have warned the rulers that they should spare no efforts in helping the people employed in various kinds of trade and industries. Practical measures have been suggested by the authors of the Mahabharat, Smritis, Puranas etc. for this purpose which we have discussed at length in the relevant Chapters of this study.

1. नरसेर्वत्रे गौरवाणिज्यं चार्यमुक्तिः ।
   संशयं लम्बे किषिद्वेतन राजा विगहुयते ॥ शास्तिपरं ६८१२॥
Ancient Writers and Socialism:

Sometimes it is suggested that the ancient Indian writers were the earliest exponents of socialism in the society. In order to prove this theory the various scriptures are quoted. Socialism has been differently defined by the modern writers. We believe that the essence of socialism lies in the abolition of private property and particularly the private ownership of the means of production including land. No doubt, there are scattered ideas in the Vedas and other works which seem to suggest that concentration of wealth, exploitation of labourers and selfishness in economic matters should be shunned by the people. But this does not prove that the ancient writers believed in socialism as it is understood today. Inspite of high standards of morality and lofty norms of spiritual life the Aryans believed in the sanctity of the institution of private property. Even the famous Shloka of Ishavasya Upanishad warns the people that they should not crave for other people’s wealth.\(^1\) This often quoted verse of the Veda and Upanishad urges the people not to attach themselves with worldly possessions but at the same time recognises the institution of private property as the valid basis of economic life.

\(^1\) मा पूवः कल्पासिवदेणाम् । ईशावास्य उपनिषद द्वितीया लीकः
CHAPTER V

Public Revenue and Public Debt

The greatest contribution of the ancient Indian thinkers was to the science of Public Finance. One is surprised to see the brilliant ideas expressed by them and their devotion to the minutest details of the various problems of public revenue, public expenditure, public debt and financial administration of the States. In fact, Public Finance was the essence of ancient Indian Economics.

Importance of Exchequer:

The early Economists have repeatedly urged the rulers to attach the greatest importance to the State Exchequer. In the Mahabharata, the rulers have been advised to protect the Kosha because the prosperity of the State depends upon it. Kosha is the root of the King and the power of the country without which there can be no Dharma in the country.\(^1\) It is further written that the King, even when he is hungry, should not abandon Kosha, army and other elements of the State.\(^2\) The ruler has been advised to collect money and build up a strong exchequer and with this

1. कौशल्य सततं रक्ष्यो वर्तमानस्थाय राजबिः।
कौश शुद्धीच्छिर राजान् कौशो वृद्धि करो मवेल ॥ शान्तिपर्व ११६१६
राज: कौश बलमूल कौशमूल पुनर्वल्लम्।
तन्मूलं सर्वाध्यायं रम्यमूलाः पुनः प्रजा ॥ शान्तिपर्व १३०१३५

2. कौशं दण्डं बलं मिथं यदनादपि संभितम्।
न कुर्वीतान्तरं राज्यं राज परिगतं: धुषत। ॥ शान्तिपर्व १३०१३२
money he should help the subjects. Bhishma advises that if the treasury of the King becomes empty the King is sure to lose all his powers.

According to Shukra treasury is the basis of power and power is the basis of treasury. Therefore, Shukra strongly urges rulers to keep the Kosha full of wealth. According to him the best ruler is one who enriches his treasury by the funds amassed from the countries he has conquered and by levying taxes like a gardener. The second grade of the rulers is who raises funds by trade and industry and a ruler who makes money by fines and levying taxes on temples etc. is the worst. According to Shukra the treasury should be sufficient to take care of the State for thirty years. This he calls the best reserve (Uttamdhana) and a treasury which is sufficient for sixteen years is of second grade and the amount which is sufficient for twelve years or less is the worst (Adham). The treasury should be full of precious metals like gold, silver, jewels and also provisions like arms, food grains, fuel, medicines and other things. Shukra has asked the rulers to appoint those people as the controller of treasury who are righteous, rich, tactful, miserly and economical.

Sources of Revenue:

The ancient thinkers have advised the rulers to collect revenue

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1. कोशं व जनमेद राजा निर्जसिस्मो यथा जलम्
कालं प्रायोगिकुल्ललवत् वर्मं: सनातनं:।
व्यायामम् प्रायोम् पूर्वरारंगितं जनं:। शान्तिपार्व १३०५१३

2. अशंकनातो वचनमनसू गुरिंद्र शयं
राजा: कोशलयादेव जायते बलक्षय। शान्तिपार्व १३०१२

3. लतुमूलो मशेतु कोश: कोशमूलं बलं स्फुर्तम्।। शूकनीति ४१३०

4. शूकनीति ४१३२

5. शूकनीति ४१३३, ३४

6. शूकनीति ४१४६

7. बलस्तु सधनोपस्तु व्यवहार विशारदः
धन्य प्राणोति कृपण: कोवाय्यशः स एव हि।। शूकनीति २१४१
from as many sources as possible. The most important sources of public revenue were as follows:

1. **Taxes:**

This was considered the most important source of revenue and a number of taxes have been prescribed by the ancient thinkers. The taxes should be both direct and indirect. The most important of them were Octroi, road tax, excise duty, house tax and land revenue etc. During the period of crisis special taxes could also be levied.

2. **Contributions from the Subordinate States and Vassals:**

In those days this was not only considered an important source of revenue but the ancient economists have greatly admired it because it did not burden the subjects. That is why Shukraniti and the Mahabharat have hailed it as the *best income*. In those days the entire country was divided into many small States at war with each other and defeated State was made to pay a huge amount of money annually. It is needless to point out while this income enriched the treasury of the conquering State it impoverished the defeated State.

3. **Income from State Property and Industries:**

The rulers had a lot of personal property, agriculture and industry, which yielded some income every year. The forests, rivers, roads were also State property and the peoples using them had to pay some money. Sometimes the rulers also entered trade and industry and made money out of it. While Shukra does not like a ruler becoming a trader,¹ Kautilya has permitted the ruler to do so, if necessary.

4. **Fines:**

It was also considered a source of revenue besides being a measure of disciplining the people. The Mahabharat prescribes that if a criminal is rich his property should be confiscated and if

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¹ शुक्रनीति ४१३४
he is poor he should be thrown into the prison. The Mahabharat describes almost all the sources of State income. At one place Bhishma says, "One sixth of the produce of land and by imposing reasonable taxes and fines on the criminals and by realising money from the traders (Vetan) the King should collect revenue".

Besides these sources, the ruler could raise loans from the rich people at home and abroad. One ruler could also borrow money from the other ruler. We have discussed it in detail under the heading Public Debt in this Chapter.

Canons of Taxation:

By canons of taxation we generally mean the rules and the principles which should be observed by the State while levying taxes on the people. Canons of taxation are in fact the qualities of good taxes generally accepted by the economists through the ages. In the modern text books of Economics, Adam Smith is generally credited with formulating the canons of taxation but Adam Smith himself borrowed these canons from the Mercantilists several years before the publication of 'Wealth of Nations' in 1776. Johannes Henrich Von Justi (1717-1771) one of the celebrated Mercantilists and Professor of Kameral Science in Vienna University pin pointed six rules or canons of taxation, viz., (i) Equity, (ii) Productivity, (iii) Certainty, (iv) Economy, (v) Convenience and (vi) Simplicity. Later on Adam Smith accepted four canons of taxation namely equity, certainty, economy and convenience. The economists after Adam Smith accepted many other attributes of good taxes like productivity, diversity, simplicity etc. A close study of ancient Indian scriptures proves most convincingly that Indian economists, thousands of years ago, had studied the problems of taxes and Public Finance very minutely and in several respects their analysis.

1. अपराधात्मकपं ज्ञ वण्ड पापेपु धार्मिकत् ।
   वियोजयेद परमशास्त्रान धनानाथ बत्व: ॥ शास्त्रियम् १०१२०

2. बलियखेतन शुद्ह केशन दश्याधागरा पराधनाम ।
   शास्त्रानीतियान तिथिसिया वेतने धनानाथम ॥ शास्त्रियम् १०२१०
was more rational and accurate. The modern historians have done grave injustice to Shukra. Brahaspati, Vedvyas, Manu, Yajnavalkya, Parashar, Kautilya, Kamandak and many other Indian thinkers by refusing to recognise their contribution to the science of Economics in general and Public Finance in particular. Of course, no where do we find a systematic list of the rules or as they are known today, the canons of taxation but on the basis of the scattered ideas of the above writers, we can prepare such a list of the rules which the States were advised to observe while imposing taxes. In our opinion some of the canons of taxation were as follows:

1. Righteousness or Honesty:

This was the first and foremost canon of taxation and the very basis of Public Finance. Indian society was based on the teachings of the Vedas which believed in the maxim 'Satyameva Jayatey'. All the subsequent scriptures like Brahmans, Aranyakas, Upanishads, Kalp Sutras, Smritis and Puranas were based on these teachings of the Vedas. Obviously economic ideas were basically based on the principle of truth, honesty and morality. In the Mahabharat Bishma advises Yudhisthir to make money by fair means¹ and even if the money is recovered from the thieves etc. it should not be used by the King but it should be spent for general welfare.² Even Shukra who challenged the contemporary thoughts in several matters has asked the rulers to be fair in taxation. He has advised the rulers to appoint only the honest collectors of taxes.

This principle has been repeated at a number of places. Not only the rulers have to collect money by fair means but all the members of the society should do so. In the Mahabharat the sage Parashar says that the wealth earned and multiplied by honest means should be preserved to be spent in the service of religion.

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¹ शास्त्रमेव दर्शति लोभन लिसेवाच्याच्यां धनागमम्।
बर्मिरीविनिधृश तस्य यो न शास्त्रम परो मवेदू। शास्तिपर्व ७१।१३

² देवताएव विकर्मस्तव पालनं नताष्टमम्।
श्याजेत विन्दु वितं हि धर्मादु सपरिण्यते। शास्तिपर्व १३२।१५
He advises the people to avoid cruelty in making money and should not worry about becoming rich quickly. Parashar says that true wealth is that which is earned by fair means. The wealth which is earned by immoral and irreligious means should be condemned. A person should never give up the religious path for the sake of wealth.

We find that honesty was not a fetish or rigid principle with the Aryans. The Aryan Niti was somewhat flexible. Brahaspati has described it better than anybody else when he says, “Niti or policy is like the trees on the banks of the rivers”. There have been writers who have advised that the principle of honesty can be modified in times of emergency and there have been references to the Acharyas who have advised the rulers to forget it altogether. In the Mahabharat Bhishma has referred to the teachings of one sage, Kanik Bharadwaj who has advised the rulers to be unscrupulous and positively dishonest in the dealings. But we wish to point out that such teachings are exceptional and they do not represent the Indian point of view in political and economic matters. Violation of this principle was permissible only in an emergency and has been named ‘Apad Dharma’ or the behaviour during a calamity or crisis.

2. Lentency:

This is another guiding principle of taxation for the rulers. Shukra advises the King to collect money like a gardener and not.

1. न्यायसंत धनं जैवं न्यायेनेव विविधतमः ।
   संसाश्च विनासस्य साधृतिमिति नियत्च: ॥
   न धार्मिकौ नृष्णेन कर्माणि धनमंजङ्गेतुः ।
   शालितः सर्वकार्याणि कुष्ठानां विमुनितःस्यादः ॥ शालिपर्व २६२१४, ॥

2. वेदांनां वर्गं देस्ये सद्या वेदं वर्गं विग्रहस्तु तामः ।
   धर्मं वे शासनं लोके न जाह्यां धनाकार्यां ॥ शालिपर्व २६२१६

3. नीति: किल नदी तीर तहतव । बाहुस्पतम अर्ज्ञशास्त्र ११०२

4. सुपुष्पित: स्यादकमल: फलवाण स्यादु दुरासह: ।
   आमस्यादु पक्षं संकायो न च शीर्येत कुशयित ॥ शालिपर्व १४०१३॥
like a charcoal maker. The idea is that the gardener picks up the flowers without damaging the plants but charcoal maker burns the trees to make charcoal. Thus he destroys the forests. It is interesting to note that this simile of gardener and charcoal maker has been used by the authors of the Mahabharat, Manusmriti etc. also. Bhishma advises Yudhisthir to become a gardener and not a charcoal maker.

Manu rules that there should be no tax on the blind people, fools and ideots, invalids, people above the age of seventy and the people serving the Brahmans who study the Vedas. The Mahabharat says that a ruler who wants to make money by anger and Kama gets neither money nor Dharma. Bhishma advises Yudhisthir to appoint those people for the collection of taxes who are free from evils of Kama and anger. According to him the King who takes too much tax from the people out of greed seeks his own destruction. Bhishma gives another simile to explain his point. A person who serves the udders of the cow does not get milk at all. Only a person who serves the cow can get milk. This principle could be violated only in a period of emergency as has been conceded by Shukra.

3. **Equity:**

With the principle of equity means that the burden of taxation on different sections of society should be equitable if not

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1. मालाकार व प्राहवो मातोनागारकारबलुः। श्रुक्नति। ४१२३
2. मालाकारपमें राजवृ भवमास्सरिकोपम।।
   तथवा रुक्तशिरें राजवृ भोपलं शश्वसं पालवन्तु॥ शान्तिपर्व ७११२०
3. अन्यो ज़हः पीठस्परं स्पत्यां स्वविराम द:।
   स्नेतिश्चेत्युपुरुर्वम्य न दाप्यः केनचित्करम्॥ मनुसृति = ६३६४
4. शान्तिपर्व ७६१७
5. अर्थमूलोपिं हिउसां वे भुक्ते लोधमालनः।।
   करैौवास्सुधर्दैहि मोहानं सम्पीत्यानु च रजः॥ शान्तिपर्व ७५११५
6. Ibid., 71/16, 17.
7. श्रुक्नति। ४१२४
exactly equal. Although the ancient economists did not emphasise the principle of equity yet they have not ignored it. In the Mahabharat, for example, Bhishma advises that a tax should be high or low according to the capacity of taxed. It should not be so heavy that the people taxed are overburdened. Their occupation and profit must be taken into consideration.¹ Equity can be accomplished in a number of ways. The weaker sections of the society including the Brahmans devoted to the study of the Vedas were to be exempted from all taxes. They were not to pay even the *feary tax.*² Shukra prescribes that the labourers should not pay any tax in cash rather they should be made to work for the State for one day in a fortnight.³ According to Manu the poor labourer should be made to work for one day in a month for the King.⁴ The poor labourer should be exempted from any tax unless their income is more than double the expenditure or cost.⁵ Shukra rules that there should be no tax on products like milk etc. which is just sufficient for the family. In the same way no tax should be realised from the consumers who buy foods and cloth for the consumption of the family.⁶ On the other hand the traders and big farmers should be made to pay tax according to their profits.⁷

4. *Productivity*:

The ancient Indian economists realised it thoroughly that a tax should not damage the production and the economy of the

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¹. उच्चावचकरा याप्या महाराजा युपुष्टाः।
   यथा यथा न सीद्धस्तथा कुर्यान्महीनतिः।
   फलं कर्मं च सम्प्रस्यतः सर्वं प्रकृतपेतु।। शासितवर्षः ५७।१५, १६
². मनुस्मृति ७।१२७
³. काँस्तिल्प गणान्तके दैनिकं कर्माकारयेत्। शुक्लनीति ४।२२३
⁴. मनुस्मृति ७।१२७, १५
⁵. शुक्लनीति ४।२२३
⁶. Ibid., 4/238.
⁷. Ibid., 4/221.
country. If the trade or industry is destroyed by the tax in the long run the King will not be able to get any revenue. Therefore, they repeatedly asked the rulers to take care that the tax should not harm the production at all. Bhishma advises, “The King should take care of the price of purchase and sale, cost of transport, wages of the labourers, margin of profit and cost of living of the traders before imposing any tax.”

In the same way while taxing the artisans, the production, its demand in the market and the quality of the product should be manutely considered. Bhishma asserts, “If the economic activity does not yield any profit nobody will do it. A good tax is one which enables the King as well as the producer both a sufficient return”. Bhishma is very clear in his maxim that the King should not destroy agriculture or industry out of greed.

Shukra also warns that a tax should not destroy the capital. If a person is selling a commodity at the cost price or below the cost of production he should not be made to pay any tax. The tax should be on the profit and not on the capital. This is also the order of Manu. The exact words of Manusmriti are almost the same as have been written in the Mahabharat in this.

1. विक्रयक्रमध्वानां मक्तं च समस्थूध्यम्।
   योगक्रमं च समस्थूध्यम बनिजा कार्येत् करान्त।। शाल्यिक्षेऽऽ द्वे।

2. उत्तरच्छब्दं च शिल्पं समस्थूध्यम चासक्तत।
   शिल्प प्रति कराते जमिनं: प्रतिकार्येत्।। शाल्यिक्षेऽऽ द्वे।

3. फलं नरं च निन्धू म न करिष्ण समस्थूधते।
   यथा राजा च कर्ताँ च स्यातं कर्माणि मात्मिनं।। शाल्यिक्षेऽऽ द्वे।

4. संबेद्वतं तु तथा राजा प्रणेय: सततं करत:।
   नौचित्रवादतनो मूलं परेषा चापिष तुणया।। शाल्यिक्षेऽऽ द्वे।

5. विशांवशायो शोऽं शुलकं मूला विरोधकमः।
   नहीनसम मूल्याविष्प शुलकं विश्रेद्वटाहस्त।। शुक्लनीति ४।२०।
Public Revenue and Public Debt

connection\(^1\) (87/13 Shantiparva). Manu further advises that a good tax is that which enables the King to get sufficient revenue and sufficient profit to the traders. These two factors must be considered before taxation.\(^2\)

5. Gradual Increase:

The idea is that there should not be a sudden heavy tax on the people but it should be increased gradually and slowly. The economists of the Mahabharat realised this point more than anybody else. Bhishma says, "Just as a leech seeks the blood slowly in the same way the State should realise the tax.\(^3\) Again he says that in the beginning a little tax should be taken and gradually it should be increased.\(^4\)

"When the bullocks are trained in carrying loads, in the beginning light weights are loaded on their backs. Gradually heavier loads are placed on them. The burden of taxation should increase gradually in the same way.\(^5\) Manu has also asked the rulers to collect the taxes from the people slowly and gradually like a leech, a calf, a bumblebee.\(^6\) According to Shukra it is much better to increase the old taxes than to levy a new tax because he says, "A new tax irritates the people the most."\(^7\)

\(^{1}\) कृषिविक्रयमङ्खानं मसतं च सपरिव्रियम्।
योग क्षेमं च सम्प्रेक्ष व्यप्तो दार्येष्वरभ्रा। मनुस्मृति ७।१२७

\(^{2}\) यथा फलेन युज्यते राजा कर्त्यं च कर्मणाम्।
तथावेहं नूपो राजेः कल्पेयेत्सतं करावें। मनुस्मृति ७।१२५

\(^{3}\) जलोकावलु पिवेत राजुः मृदुनौ नराणिः। शान्तिशरू ४५१५

\(^{4}\) अनेनाह्वेन देयेन वर्षमानं प्रवेयेतु।
ततो भूयस्ततो भूयं कमबृहिः समाचारेन। शान्तिपर्व ४५१६

\(^{5}\) दमयनिनव दयानि भवष्ट्वं मरं विसंवेयेतु।
मृदुपवृप्रयलेन पाशानस्मयक्षरारेयेतु। शान्तिपर्व ४५१७

\(^{6}\) यथात्पल्य मदन्यथं बार्षिकोवस्थयोऽपि।
तथात्पल्पौ प्रहोत्तयो राष्ट्राद्वादिक: करः। मनुस्मृति ७।१२६

\(^{7}\) नवीनकर शुल्कायापौर्ण उद्धिजङ्खेतत। मुल्यनीति २।२६४
6. *Convenience*:

The Indian thinkers have advised the rulers to take utmost care that a tax is realised at the time, at the place and in the manner which is least inconvenient to the people. That is why they rule that a tax may be collected in kind if necessary. The Mahabharat urges that during a famine or calamity the King should not collect a tax.¹ The Mahabharat uses the word Akal which means a famine or a calamity or hard time during which a tax is forbidden. Again it is advised that a tax should be imposed at a suitable time and at suitable place and in a suitable manner and without hard words,² Shukra recommends that an ⁶-⁷m should be taxed only once.³

1. Diversity:

The ancient India thinkers were definitely in favour of many taxes. In the West there have been economists who have favoured a single tax e.g. the Physiocrats believed that one single tax should be imposed on agriculture because agriculture alone yielded surplus. The Indians however, favoured many taxes that is why in the ancient texts we find the names of numerous taxes mentioned in the various scriptures. The taxes were both direct and indirect although no where we find any distinction made by them. Elsewhere we have discussed in detail the various kind of taxes prescribed by Shukra, Brahaspati, Manu and Mahabharat etc.

The Indians have greatly emphasised the small taxes which they considered very important. In the Mahabharat Bhishma advises, “Even a little money should not be rejected and even a powerless enemy should not be overlooked”.⁴ He further advises,

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¹. नामाये प्रणद्वैण्णार्णाय जातु संभवेन || शास्तिष्पर्व ६३१३४
². न चास्यानं न चाकाले करण्मेयो निपात्येत || आदुपथ्यण सान्नवेयमयाकां चावविभ || शास्तिष्पर्व ६३११२
³. वस्तु जयत्वैनारं शुल्कं प्रायं प्रयत्नत || शुभानति ४१२१६
⁴. नाभमल्लं परिमन्वन्तिमयेत शाहद्वान || शास्तिष्पर्व १२०३६
"A small fire can spread if Ghee is sprinkled on it, a small seed can produce thousands of grains of corn, in the same way a little money can grow into a huge amount".1

8. Elasticity:

The economists of ancient India realised that every ruler had to deal with sudden calamities like War, famine, epidemics etc. In those hard times more money was needed. Therefore, they suggested special taxation and loans from the people and even confiscation of the hoarded wealth. Manu suggests that the rates of taxes should be at once increased during an emergency e.g. land revenue which in normal times should be 1/6th, 1/8th of the output depending upon the quality of the land, should be increased upto one fourth, if necessary.2

Bhishma suggests that the hoarded wealth of the society is also like the treasury of the State which can be utilised in a time of distress.3 Shukra recommends that taxes should be generally light but can be increased during an emergency, specially during a war the King should increase the rates and taxes, impose fines and even raise loans from the rich people which should be repaid with interest when better time prevails.4

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1. अनि: स्तोके वृत्तेषुद्याव्यसिको,  
वीजं बैंकं रोह सहस्त्रसमेति।  
आय व्ययी विपुली संविशायम्,  
तस्मादल्य नामसङ्केत विषम्॥ शान्तिपर्व १२१३८

2. पंचाशम्भान आदियो राजा तस्विदिर्ययोः।  
वाल्यानामाभ्यामो भागः: पष्टो घावश एव वा॥ मनुसृत्व ७।१२०

3. सत्यासामस्माओ व्यायमां व्यायमां मागमाति।  
प्रजा रक्षणपरं शम्वा कितिक्षुप्रतिमुच्यते॥ मनुसृत्व १०।११५

4. शान्तिपर्व ६।७२३

5. यदावशू विनाशार्य वसारस्योपशवः।  
विशिष्ट कुकु लुक्कादिविन्न लोकार्दशहरतु॥  
थलकेम्योभृति दशवास्यपत्तनं हुरे।।  
राजा स्वाभ्यामस्मु श्रेष्ठसृद्धतास वृक्षकम्॥ शुक्रवीति द१।१२५,२६
9. Politeness:

The ancient ideal set before the monarchs was to consider the people as their children and protect them like a servant. Obviously the King must consider the interest of the peoples above all the things. He should be polite and courteous in his dealings specially when he has to raise additional funds to meet an emergency. In the Mahabharat Bhishma advises that the King should move through out the Kingdom and meet the people appealing to them to help the State. Bhishma advises Yudhisthir to return the money when the calamity is over.

We wish to add that courtesy as a principle was essentially as a part of the Vedic State craft from which the later writers deviated considerably and in place of courtesy tact or cunningness was considered more useful. In this connection we have already quoted the views of Kanik Bharadwaj. Kautilya, for example, does not hesitate in confiscating the funds of temples and rich people. Some of the methods prescribed by Kautilya are nothing but short of theft and cheating. For him politeness was a method of swindling the people. But contrary to Kautilya the Mahabharat is opposed to any cruelty while collecting the revenue. Even the rich people should be asked politely to give their taxes.
10. *Canon of Moral Welfare*:

The ancient thinkers fully realised that the tax system could greatly influence the moral and spiritual welfare of the people. It was the duty of the King to see that the people did not abandon the path of Dharma. Therefore, by means of force and heavy taxation he should suppress the immoral practices in the society. In the Mahabharat Bhishma advises Yudhisthir to suppress the evils of prostitution drunkenness, begging and other such practices.¹ Shukra also prescribes that if the King deprives a sinner of all his property he is fully justified.²

The ancient economists have prescribed many other rulers, besides those mentioned above, which are comparatively of minor significance. They should not be included in the list of canons of taxation e.g. Shukra suggests that the taxes like land revenue, taxes on wages and interest and the tax on bribery should be realised without delay.³ Shukra's worry is understandable. A farmer can pay the land revenue only at the time of harvest, a labourer can pay at the time of payment of wages and the same is the case with interest and bribery also. If the tax collector delays the collection the realisation of the tax map be difficult if not impossible.

**Kinds of Taxes:**

The Indian economists have prescribed various kinds of taxes although they have not distinguished between the direct and

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1. पाण्डवाराजवेशाष्ट्र बेल्क्या: प्रायपिकास्तवा ।
कुच्चीलवा: सकतिवा ये चान्ये केन्द्रियदृश्या: ॥
नियम्या: सर्व ऐश्वे ये राष्ट्रस्योपाधकाः: ॥
एते राष्ट्रक्षमितिह्न्तो वाचनस्ते महत्त्रा प्रजा: ॥
स्वातन्त्र्यताति संबंध सर्वसंबो मूलितायन: ॥
कामे प्रस्तर: पृष्ठ: किम कार्य विविधपरं ॥ शाप्तिपरं ॥ ॥ ॥

2. अपातध्यायं सर्वं हुरेश्वर्जा न दोषायं ॥ शूक्नाति ॥ ॥ ॥

3. भूतिमांग भृतिवृक्कं वृद्धमुखकोकं कर्म् ॥
सब्येवहृदेतर्वं न तु कालवलम्बन: ॥ शूक्नाति ॥ ॥
indirect taxes. From the early Sanskrit texts it is clear that certain words were used for various kinds of taxes. The Rigveda mentions the word Bali for a tax paid to a King.\(^1\) Balihrit means the bringer of Bali or tax for the King. Taitreya Brahman mentions, "The people bring Bali to him."\(^2\) In the Aitreya Brahman a Vaishya is called Balikhrit or the payer of the tax. This word Bali continued to be used in the post Vedic literature also e.g. it has been used in Manusmriti,\(^3\) Matsya Puran,\(^4\) Ramayan,\(^5\) Vishnu Dharma Sutras\(^6\) and Mahabhart etc.\(^7\) The word Bali in the post Vedic literature was generally used for land revenue paid by the farmers to the King and in the most of the cases it was 1/6th of the produce of the land. In the Rummindi Pillar Inscription of Ashoka it is written that the Village of Lumaini was made from the payment of Bali which amounted to 1/8th share.

Besides Bali, two more words were used for the tax paid to the King. One was Kara which meant a tax in general.\(^8\) Another word Bhag was also used as a general term for King's share on land, trees, medicines, cattle wealth etc. In fact the three words namely Bali, Kara and Bhag were used alternatively without any specific meaning attached to them. The Amar Kosha considers Bali, Kara and Bhag as synonymous.

1. स निसिथ्या नहूःयो यद्वा आन्निविवक्ष्ये बलिहुतः सहोमि: । श्रम्मेद ७६१५।
   अवो त इहः: केवलोविवशो बलिहुतस्तरत । श्रम्मेद १०१७३१६।
2. ह्यरत्वसिम्मो बलिम्—तृतीय्र ब्राह्मण २१६१८१३।
3. मनुस्मृति ७३५०।
4. मल्ल्य पुराण २१५१५७।
5. रामायण ३१६११।
6. विश्वेश्वरसूत्र ३२२।
7. वामिरथ ७३१३०।
8. आपस्तम्भ गर्मचूर्त २१०२७३११।
   मनुस्मृति ७३१२५, १२६, १३२।
Another word used for a tax was Shulka which had a specific meaning attached to it. Shukra defines Shulka as “A share of the King from the buyers and the sellers”. Later on Shulka was used for custom duty, toll tax and many other kinds of duties. The Mahabhasha of Patanjali uses the word Shaulkik for the persons who realise Shulka. It is notable that even during this period too Shulka means an income from the tax on imports, exports and sales etc. The word Shaulkik has been repeatedly used in the Shukraniti.

It is very difficult to find out exactly how much tax was prescribed by the early economists. Different thinkers have prescribed different amount of land revenue and other taxes. There is one more tragedy that the descriptions are very brief and vague in most of the cases. To make the confusion worse confounded we find contradictory statements in the same text. For example, in the Shukraniti at one place it is written that a Shulka is to be according to profit and at another place we find that he directs the King to realise tax on gross produce. The printed Smritis have used the word Pratibhag for Shulka and in certain cases pratibhag was in the form of fruit, flowers, and vegetables.

The opinions of the economists differ about the share of land revenue. Manu directs the rulers to realise 1/5th part on cattle and gold and 1/6th or 1/8th or 1/12th of the produce of the land depending on the quality of corn from the farmers. In an emergency this could be raised to 1/4th.

The Mahabharat prescribes only general guidelines for the

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1. विक्रेत्रेत्त्रा राजमान: शुल्कमुदाहरतम्। शुक्रनीति ४१२१६
2. लाम्बूडाहि हंस्मुदाहरतम् केदारत्स्य सदानृप:। शुक्रनीति ४१२२१
3. द्वारिषािम्ह राजा हंसान्तु: विक्रेत्रेत्त्रा॥ केदारवर्षा। शुक्रनीति ४१२१६
4. पंचाशदृ भाग आदेशो राजा पशु हिरणयो।
5. यात्रामामुद्धरमो भागः षष्ठो द्रादश एव वा। मनुस्मृति ४१३३०
imposition of land revenue. However, at one place it is written that when Manu became the ruler the people agreed to give 1/10th of the produce and one out of fifty heads of cattle and two percent of the output of gold.¹ At another place the Mahabharat prescribes through Bhishma that 1/6th of the income of the subjects should be realised by the King as the land revenue (Bali) or the tax (Shulka).²

Shukra prescribes that land revenue should be based on the irrigation facilities available on the land. The farmers who irrigate from the tanks should give 1/3rd of the total output and those irrigating from wells should give 1/2 and those irrigating from the rivers should give 1/6th of the produce. Shukra further prescribes that the land full of stones should not be made to give 1/6th of the produce.³ Mitra Mishra in his work 'Rajniti Prakash' which is a part of Virmitrodaya quotes Brahmaspati and other writers recommending different shares of the agricultural produce as a land revenue. According to this work, Brahmaspati has recommended 1/6th of Shukdhanya like wheat and barley, 1/8th of Shimbidhanya (grain the pods), 1/10th from the crop grown on fallow land, 1/8th from the land sown in rainy season and 1/6th from the land that has spring crops.⁴ Shukra prescribes that the farmers who are tractising new land and who have started irrigation from a newly dug canal or well etc. should

¹. धानस्य दशमं सामं दास्याम्: कोशवर्धनम्।
   कन्या शुल्कं चार्क्करपं विवाहेणुः प्रतादु स।। सांस्कृतिपर्व ६६।२४।

². बांग्निपर्व ७१।१०।

³. तथागवापिकाकारूपं मात्राकादेव मातृकात्।
   देशानंदी मात्रकातु राजानृक्षकस्ति सदा।।
   नृत्तियां च नृत्तवचं सधारं तितं इतरतः॥।
   शशास्त्रसृजनातिप्रांतम् समाकुतात्।। सुभृजनिति: ४।२५, २६।

⁴. राजनीतिप्रकाश—विष्णुविनं धार्श २६।२, ६३
not be made to pay any land tax unless the income is double the cost of cultivation.¹

The ancient economists have recommended many kind of taxes and the rates recommended by them are widely different. Shukra has given the most comprehensive list of the rates of taxes. He recommends, "A King should take 1/3rd of the output of gold and silver, 1/4th of copper, 1/6th of iron, Vang and lead, 1/2 of salt, jewels etc."² He prescribes 1/20th share from the hay and wood, 1/8th from animals like goat, sheep, cow and buffalo and 1/16th of the output of their milk. It is significant to note here that in the Mahabharat Manu's rate of tax on cattle was only 2% while Shukra recommends 1/8th. Here the question arises whether the rates prescribed by Manu and Shukra are on gross produce or profit. This question has been raised by Shri P.V. Kane in his work 'History of Dharmashastra'. The original texts are not explicit in this respect but the later writers and commentators have tried to clarify the position. Gautam states that Shulka should be 1/20th part of the merchandise for sale.³ Vishnu Dharmashastra also recommends the same rates although none of the two has clarified the point whether it is on the total produce or on the net profit. Shri P.V. Kane quotes the opinions of Hari Dutt and Nand Pandit according to whom the King was entitled to take 5% of the value of output sold.

Mr. Kane quotes the opinion of Rajniti Prakash according to which the King is entitled only to 5% of the net profit i.e. the difference of the price of merchandise and the cost of its procurement or acquisition.⁴ We believe that the Shulka as well as the land revenue was imposed on the total production or the value of the

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1. दुःक्षेतिक्षेतिदिन्तथाकर्यं लक्षात्तिक्षेतिचरुम्। तद्यथासंहिता ग्रंथिः परंततेस्यो भागमाहुररुद्व। सुकृतिः ४१२६।
2. सुकृतिः ४१२६, २२६।
3. नौतमः १०१२६।
product as the case may be and not on the net profit. The Sanskrit text is clear in this respect so far as the question of land revenue is concerned. Shulka is, however, susceptible to these two interpretations but net profit is something difficult to estimate because it invokes a correct calculation of cost of production also. We cannot imagine that in those days an assessment of tax on profit was practicable. Moreover, in Kautilya’s Arthashastra, which is more comprehensive and explicit in respect of rates and modes of taxation a Shulka is prescribed on the value of the commodity. Of course, we concede that while imposing a tax it was considered that the amount of profit was also a factor for assessments as is evident from the verse in the Shukraniti.

Shukra prescribes 1/32 part from the money lender’s income and the tax on land on which the house has been constructed like the land revenue. Shukra recommends the imposition of road tax, tax on wages etc. although the specific rates have not been prescribed. Perhaps it was left to the discretion of the King and his ministers. It appears that the guiding principle of the ancient thinkers was that every person rich or poor excepting the few persons exempted specifically should pay some tax. Different rates of import duty have been prescribed by the early writers on the articles imported from outside. Baudhalayan Dharma Sutra recommends 10% of the cargo.

Manu has given a comprehensive list of the items which are to be taxed. According to him the King should realise 2% on gold and animals and 1/6 on trees, meat, honey ghee, perfumes, medicine, juices, flowers, roots, fruits, leaves, vegetables, hay.

1. प्रवेशानां सूत्वयक्ष्मानाः: कौटिल्यू २१२२
2. लाभः दृष्टा हरेतु सुल्क्कन्तुत्रत्व सदानुप: शुक्रनीति ४१२२१८
3. शुक्रनीति ४१२३६
4. चीथलायन चर्मन्दुः एका१०१५१५१६
leather, bamboo, earthen wares and articles made of stones.\(^1\) At another place Manu recommends that the King should realise a very low rate of tax from the people who deal in cheaper commodities like vegetables etc. as the only source of their livelihood.\(^3\)

Exemptions of Tax:

The various Sanskrit texts have prescribed certain exemptions from taxes some of which we have mentioned earlier in this Chapter in a different context. Manu exempts the Brahmans, the Blind, the idiots, the invalids the peoples above seventy from all kinds of taxes.\(^3\) Manu further exempts the diseased, bereaved, children, paupers from all taxes.\(^4\) Manu clearly prescribes that the ascetics, Brahmans, Brahmachari and women bearing pregnancy for more than two months should not be made to pay any ferry tax.\(^5\)

The Mahabharat is very particular in exempting Brahmans from taxes. Bhishma says, "Even if the King is in grave economic

1. पञ्चाशास्त्र अविकृत राज्य पशु हिरण्योः। धान्यानामविद्यो माना: पशुःप्रदाय एव वा।।
   आदीयाच वह्नाय मांसमुखीप्रसारः।
   गत्योपवियसानां च पुष्प्मूल फलस्य च।।
   पवशाशकृत्याणां च चर्माणि वेदलस्य च।।
   मृत्मलाणां च माण्डलाणि सर्वस्यायममयस्य च।। मनुस्मृति ७.१३०,३१, ३२।

2. यरिकिंविद्य पर्वस्य दायमेयकरस्तिसिम्।
   व्यवहारण जीवालं राजा राजस्तः पुष्पवजनम्।। मनुस्मृति ७.१३०,३१, ३२।

3. अथो जडः पीठस्पीं सप्तत्वा स्थिरित यः।।
   श्रीनिवेछुमु कर्मस्त न दाया केनविकरम्।। मनुस्मृति ६३६४।

4. श्रीत्रियं व्याधितातनां च राजस्तः स्वप्नेश्वरतिसिम्।
   महाकुल्लिनाय च राजा संपूर्णनदिशतः।। मनुस्मृति ६०६५।

5. गार्भी तुद्विभासासतिस्ततः म्यर्गवतो भुविः।।
   ब्रह्मण्य लिखिनश्रेष्ठ न दायास्तारिक तरे।। मनुस्मृति ६.४०७।
...distress and he finds a Brahman very rich, he should resist the temptation of taxing the Brahman.¹

Shukra exempts new land where irrigation facilities have been introduced for the first time from all taxes till the income is double the cost of production.² He also prescribes that there should be no tax on the output which is just sufficient for the family and also on the purchase of corn and cloth meant for the consumption of the family.³ He is opposed to any tax on temples and religious places⁴ (Tirtha). The King should not impose any tax on the helpless women or the desperate farmers trying to produce some foodgrain. In the same way the old and the poor people and the children should also be exempted from taxes.⁵

Theories of Taxation:

By the concept ‘Theory of Taxation’ we mean the rationale and the justification of imposing the taxes by the rulers on their peoples. The ancient thinkers have given a thought to this question. According to Manu a King is the owner of the land of the country.⁶ This seems to be the original Vedic idea because in Sanskrit language a King is called Bhoop, Bhoopal, Mahip all meaning the owner of land. Therefore, anybody who uses the land of the country must pay something to the King by way of rent and land revenue. Shukra justifies the ruler to realise a house tax

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1. मा सम ते भ्रातृवेष हुष्टा घनस्य प्रश्चलनम्।
   अन्त्यायामप्यवस्थायों किमु स्थीतस्य भारत। ॥ शास्तिपर्व ७२२
2. शुकनीति ४।२०४, २३३
3. Ibid., 4/238.
4. अनन्ददिन कुर्वीठ तीर्थ देवकर ग्रहात। शुकनीति ४।२२४
5. वृद्धवाल घनं रक्षमन्धस्य कुपनस्य व।
   न खात्तौवेक कुर्वीठ न कुबली घनं हुरेत॥ अनुशासनपर्व ६।२५
6. भूमिरविपक्त्तिः सः। मनुमृति ५।२६
because the house is built on the land of the King. At certain other places it is written that the King is the owner of the land but not the owner of the wealth of the country which is produced by the people on that land. Katyayan for example declares, “The King is the master of the land but not of any other kind of wealth of the country. He is entitled to one sixth of the produce raised on his land”. Katyayan rules that the King is not entitled to get any other tax. The Mahabharat, however, holds a different view. Bhishma says, “The King is the owner of the entire wealth of the country excepting the wealth of Brahmans unless they act against the Vedic order.” The idea is that if a Brahman acts against the Vedic tradition the King has a right to confiscate his property. Obviously according to the Mahabharat a King has an absolute right and authority not only to levy taxes of various kinds but to seize the entire wealth of the people, if necessary. And yet Bhishma forbids the King to exercise this authority in normal times. These are two different views and it is difficult to reconcile them. It appears that the original Vedic theory was to consider the King as the owner of land only and the wealth produced by the people was the personal property of the subjects.

Now there is a question of justification of levying a tax or Shulka and duties of various kinds. Shukra holds that a King is entitled to these taxes because he protects the people and renders various kinds of services. The Mahabharat has also accepted this view at a different place. It refers to a contract between Manu and the people according to which Manu agreed to protect the people and in return the people promised to pay one tenth (1/10th).

1. शुक्लीति ४५२३६
2. काययानः । शूस्वामी तु स्मृतो राजा नान्य द्वायस्य सर्वदा ।
   तत्कल्य हि प्रहोऽयं प्राणयुण्मान्यायेभुत । राजनीति प्रकाशा, ३० २७१
3. अव्वऽणां विलस्य स्वामी राजेवि वैदिकम् ।
   श्राव्याणां च ते केवल विलस्य स्वामी प्रवस्युत । श्लोकिपर्व ७७२
4. शुक्लीति ४५२४१
of the produce of land, one head of cattle out of fifty heads and two percent of the gold and the comeliest girl in the country.\textsuperscript{1} It appears from these views of ancient thinkers that Shulka or tax is a kind of salary (Vetan) of the King obtained by him in return of the services rendered to the society. The King plays a positive part in the economic activities or the industry and like a wage earner he is entitled to get remuneration. The King maintains law and order and protects the subjects from internal and external dangers. The Mahabharat elaborates the duties performed by a King without which a normal life of the society and normal activities of the country will be impossible. Without him the right of property, life and prestige will be jeopardised.\textsuperscript{2}

The conclusion of this theory is that \textit{State is a factor of production in the modern terminology and the ruler is entitled to get a share of the produce like the labourer or the capitalist.} This idea deserves a consideration by the modern economists.

In the Mahabharat at another place the sage Vaishampayan describes a Brahman, warning Arjun, that a ruler who realises $1/6$th share of the income of the State but does not protect the subjects is a great sinner.\textsuperscript{3}

In the Buddhist period also the wage theory of taxation was popular as is evident from an incidence quoted by Dr. U.N.

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\textsuperscript{1} शान्तिपर्व 6727, 28, 29

\textsuperscript{2} वधवन्म परिक्लीशो नित्यमर्यातां मैथिलू ।
ममस्म च न विन्दुक्मवर्यदि राजा न पालते तद् ॥
अतांश्चाकाल एव स्युलोकोपायं दस्युसाद मैथिलू ।
पतेयुर्वर्तकं घोरं वदि राजा न पालते ॥
न यानिदयसो वर्तेत न उपरिन वाक्रमयः ॥
मद्येद वर्षास्त्री न स्याद् वदि राजा न पालते ॥ शान्तिपर्व 68116, 20, 21

\textsuperscript{3} अरिश्वतारं राजानं बलितुम्मागहारिणाम् ।
तमाहुः सर्वं लोकस्य सम्प्रदेण पापचारिणाम् ॥ आदिपर्व २९२१६
Ghoshal. There was an argument between a King and Buddhist sage named Aryadeo. The King remarked that he was the source of all power and prosperity in the country. At this Aryadeo exclaimed in anger, “What superciliousness is there O King thou who art a mere servant of the multitude (Ganadas) and who receives a sixth part of the produce as thine wages.”

Administration of Public Revenue:

The Indians have discussed in detail the methods of collection of taxes and the various writers have examined the problems in detail. Land revenue which was the most important source of revenue was a direct tax and was collected by the officials appointed in the villages. In the Mahabharat the administrative set up has been described in detail. Bhishma rules that the King should appoint Adhipati in every village and for every ten villages, twenty villages, one hundred villages and one thousand villages. The Officer of one village should collect the revenue and settle the disputes, punish the criminals etc. and should send a detailed report to the officer of a ten villages who will send those reports along with his report to his officer who is the officer of twenty villages. The later will be responsible master of hundred villages who in his turn will be under the control of a master of thousand villages. The officer of one village will utilise a part of revenue collected by him and will send the balance to his officers. Bhishma rules that the master of one hundred villages can utilise the income of one village and the master of one thousand villages can utilise the income of one town (Shakhanagar). These village officials had to maintain armies and render military services to the King under the supervision of ministers.

2. प्रानस्याधिपति कार्यं दश प्राम्याल्पत्रा परः।
   हिमुण्यर: शतस्येव सहस्त्रस्य च कार्येत्॥ तत्तत्परं ८७१३
3. तत्तत्परं ८७१४, ५
4. Ibid., 87/6.
5. Ibid., 87/9.
resembles the ‘Mausavadari System’ introduced by the Mughal rulers and modified by the British Administration in the early nineteenth century.

Manu gives a slightly different organisation. According to him there should be one officer in every two, three or five villages and above him there should be chief officer for one hundred villages. The village officer should protect the people and collect the revenue. After deducting a part of food grain and fuel etc. the balance should be given to the King.\(^1\) Manu also rules that the work of village officials should be supervised by ministers of the King. Manu prescribes that the village officers have to collect the revenue and protect the villages and work in close co-ordination with higher officials. According to him the Officer of ten villages can have the produce of one Kul or the land which can be tilled by twelve bullocks for his own maintenance. The officer of twenty villages can possess five Kul of land and an officer of hundred villages can have one medium village and that of one thousand villages a medium town.\(^2\)

Collection of wrong taxes was a punishable offence according to law giver Yajnavalkya and a fine of ten Pana is prescribed by him if in place of ferry tax a road tax is realised.\(^3\)

Bhishma in Shantiparva advises that the King should never appoint the greedy officials for the collection of revenue because:

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1. इवोस्त्रवाणां पंचानां मध्ये गुल्ममधिपितमृ ।
   तथा ग्रामवातानां च कुर्यामाधिष्टत्सम संप्रह्वम् ॥ मनुस्मृति ७।११४

2. यानि राजप्रदेयानि प्रश्यन्ति ग्रामवासिनि: ।
   अन्तयान्वनादीनि ग्रामिक्ष्यात्त्वा वाणिज्यातुः ॥
   दशी कुलं तु भुज्जीत विशा पंच कुलानि च ।
   ग्राम ग्रामवात्स्यथ्यः सहस्त्राचिचि: पुरम् ॥ मनुस्मृति ७।११४, १६

3. तरिकः स्थलं शूलं गुहनं दायः पलान्नशः ॥ यज्ञवल्क्याश्वः
   (सम्पूर्णसमुद्भाषन प्रकरण श्लोक ६७)
such people never hesitate to deprive the people of their wealth, belongings, women etc. During an emergency the King has to levy more taxes and even raise loans. The Mahabharat advises the King to visit the country side personally and appeal to the people to donate liberally. The King should be accompanied by the soldiers and servants. He should also go to the rich traders and ask them to pay more money as taxes to meet the crisis.

The collection of other taxes is to be done by special officials appointed for this purpose. We find certain words in the Sanskrit scriptures for such officials. For example, Shukra advises the appointment of a Brahman for the collection of land revenue, a Kayastha for the post of a clerk and a Vaishya for the collection of octroi and a Sudra should be for errands. One Octroi Post (Shulkashala) should be made at the point of entrance into the City where honest and efficient persons should be appointed. Manu warns the rulers to take care against bribery and corruption among the government employees. He says, "Most of the senior employees of the King are dishonest and they accept illegal gratifications from the people. It is the duty of the King to protect the subjects from such employees". Manu further advises that corrupt officials should be banished from the kingdom after confiscating all their possessions. Shukra has given a comprehensive list of the various

1. धम्म महें पुन्द्यां समृद्धिसंवरथा विन्ध्यशाखाः प्रार्थयते पल्लाम।
बुद्धे दोषा: सम्भवस्तिः सवरं तस्मात् राजा प्रशुद्धिस्तु नुस्हम।

2. शास्त्रिपर्व १२१५८
3. Ibid., ८७/३५
4. Ibid., ८७/३५
5. प्रामपाग्राहायानोद्योज: कायम्पलेखकस्तथा。
शुक्क्रस्त्रैहं कुबेरविभि प्रतिवारश्रव पाण्यः।

6. राजकृं हि राजाविक्रृटत्वः परस्वानुपथिनः शान्तः।
स्थवर्णा संविप्ति राज्यं तेष्वरो रक्षितमः: प्रजा।
ये कायाविक्षेपमासु ग्रहीतुः: पापाचेतुसः।

शास्त्रिपर्व १२१२१, २४
officials who are to look after the different departments of the State. According to him one who is in charge of the collection of land revenue is like a gardener who should preserve the trees and collect revenue as a gardener picks up flowers and fruits. The person who collects other taxes and duties is called Shaulkik. According to Shukra a Shaulkik should be one who does not harm the capital of the traders.

**Tax Evasion:**

The ancient writers gave careful thought to the possibility of evasion of various kinds of taxes by the tax payers and misappropriation of public money by the corrupt officials. Manu rules that if a Trader smuggles the goods by avoiding the regular trade routes he should be made to pay eight times the payable octroi.

Yajnavalkya also prescribes a penalty of eight times the amount of tax for evasion. We wish to add that according to ancient seers tax evasion or misappropriation of public funds was a punishable offence and norms for the punishment were prescribed by them without any bias or prejudice.

**Public Debt:**

The ancient economists have discussed the subject of public debt in detail but they have not emphasised on the view that the

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1. शुक्राचार्य यान्हें फलं पृणं विचित्वति।
   मातकाङ्तवहार्यं ते मातकाङ्तवहार्यं विचि:। शुक्रनीति २१५१।

2. बृजाविज्ञभीं मूलधनयाग्रो मध्यर्हात।
   तथा शुल्कं प्रहर्ति चौकिक: सावधान:। शुक्रनीति २१५४।

3. शुल्क स्थानं परिसंहनाकाले कथ विजय।
   मिहिपार्थी च संख्याने दायोज्यं गुणमत्तयम्। मनुस्मृति ५१५०।

4. मिहिपार्थीरीमाणं शुल्क स्थानाकालांतः
   दायोज्यं गुणं परिसंहं सव्या ग्राहं कथ विजय।। याजवल्क्यमृति।

(सम्पूर्णमुद्यायं प्रकरण इलेक ६६)
Kings should frequently employ public debt. They have recommended raising of loans from the people only to meet an emergency. In Puranas and other ancient Sanskrit works there are references to the Kings borrowing money from the rich merchants and nobles. The Kings could borrow money from other countries also. On the basis of various texts we can work out certain canons of public debt prescribed by the thinkers which are as follows:

(A) **Canon of Necessity:**

A debt from the people is to be raised only during an emergency. In the normal times the King should not trouble the nobles by asking them to pay unnecessary tax or loan etc. The Mahabharat describes the procedure of raising loans in detail.¹

(B) **Canon of Repayment:**

The ancient writers are quite explicit in respect of repayment of loans to the people after the emergency. They are opposed to the idea of non-repayment of dues to the lenders. However, there is no evidence of a systematic procedure of repayment of loans but it appears that the repayment was promised after the emergency.² Shukra also directs the rulers to make the payment after the emergency.³

(C) **Canon of Interest:**

The Kings have been asked to repay the loans with interest (Sahridhikam). Shukra writes, “When a distress befalls, a King should borrow money from the rich people of his country and

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1. अस्यामापिद प्रोपार्यां सम्प्राप्ते दाक्षणे भये ।
   परित्राणाय भवत: प्रार्थिष्ठ्ये हन्तानि व: ॥ शान्तिपर्वम् ०७२६
2. श्रीतिदात्सने म भवतां सर्व माहें मय्ये । शान्तिपर्वम् ०७३०
3. शुक्लानीति ४।१२६
when the hard time is over he should repay the loan with interest".\(^1\)

(D) **Canon of Gentle Persuasion**:

The writers of Shukraniti and the Mahabharat and also of other Sanskrit texts prescribe that force should not be employed in raising loans. The King and his representatives should appeal to the people to help the country during the emergency. In the Mahabharat Bhishma rules that the King should personally visit the houses of the people with the request that he needs loans to meet the calamity and appeal to them that if they do not help him their entire wealth and women might be plundered by the enemy.\(^2\)

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1. धनिकेमयो मृति दत्तवास्वप्टातपातहरेत् ।
   राजा स्वायत्समुल्लभ्यतानसद्वायास वृद्धिकम् ॥ शुक्रनीति ४।१२६

2. शास्तिपरम् ५७।२६-३४
CHAPTER VI

Public Expenditure

The views of the Indian economists in regard to public expenditure are comparatively less explicit and vivid. They have devoted more space to framing rules for raising taxes and loans. That is why we do not find the incisive analysis in dealing with the problems of public expenditure which we find in their analysis and description of public revenue and taxation. Their limitation is understandable. It was a period of comparatively fewer wants and simpler life. The organisation of the society and economy was simple if not primitive. Modern scientific inventions were unknown. The population of the country was much less than the population of a small State of our country at present. The society was divided into small States frequently at war with each other and always ready to defeat one another. The main problems of the rulers were to defend the freedom and integrity of their States, maintain law and order, develop religion and culture of the society and promote the welfare of the people. Obviously, the problems of public expenditure were confined to a few heads which consumed the entire revenue of the State.

1. **Defence**:

Defence, according to the ancient economists, has been described as the first and foremost duty of the King. Bhishma says, "The foremost duty of a King is to protect the people. The King who has mercy for his subjects is a truly religious person." Bhishma says that if a King fails in this duty he becomes a great sinner. Bhishma, Sukra, Brahaspati, Manu and all the jurists

1. तस्मादेवं परं धर्मं मन्यते धर्मं कोविदा: ।
   यो राजा रक्षणेः बुक्तो भूतेषु क्रुद्दे दयाम् ॥ शान्तिपर्वं ११५७
without exceptions have ordered the King to make all possible efforts for the defence of the country. Shukra, for example, prescribes that the King should muster a strong army comprising the elephants, horsemen etc. and equip it with the most modern arms. He describes many kinds of formations (*Vyooha*) of the army. He orders the rulers to construct strong forts and castles and in the Shukra Niti there is a list of many types of forts, like a fort surrounded by a ditch (*Parikh Durga*), forest fort (*Van Durga*) one surrounded by water (*Jal Durga*) one of the hill top (*Giri Durga*) etc. He asks the rulers to keep these forts full of supplies, arms and provisions. Shukra believes that without a strong army. “Neither there can be a State nor wealth nor VALOUR”.

Shukra devotes many pages to a description of rearing camels, elephants and horses meant for the army. He describes various types of arms which the King should acquire to equip the army. One is intrigued by a description of guns and cannon in the Shukra Niti and even the method of preparing gun powder etc. We have every reason to believe that this stuff has been adulterated to the original text of Shukraniti by the later Sanskrit writers most probably to prove to the modern world that the ancient Aryans were familiar with the modern armaments. But by doing so these unscrupulous writers have done a great disservice to the country by making works like Shukraniti less reliable.

The Manusmriti also describes various types of armies, formations (*Vyooha*) etc. According to Manu the King should make all possible efforts to protect the freedom of his country. One verse of Manu is still very famous. He says, “Think about wealth like a HERON or stork (*Vaka*), show gallantry like a lion, destroy the enemy like a wolf and give a slip to the enemy like a hare.”

1. सैन्यहिनालेव राज्यं न घनं न पराक्रमं। शुक्र ४१६६।
2. शुक्रनीति ४१७२, २६, २५, ३१,३३, ३६ इत्यादि।
3. वक्वविभिन्ते दयासिधुवचं पराक्रमेत।
   शुक्रवच्चावस्थेत शशवच्च विनिलघ्यते॥ मनु ७।१०६
Manu describes many kinds of forts and there is some similarity between his description and those of the Mahabharata and Shukraniti.¹ The four Vedas and the most of the scriptures of the Vedic and post-Vedic period are full of references to wars, battles, armies and weapons. There are many prayers in the Vedas in which the Gods have been invoked to destroy their enemy and protect their countries. The Rigved orders the Kings, “O King, destroy the violent enemies who invade our nations with armies”.² In the Yajurved there is a hymn in the praise of bow.³ In the same way Rigved praises the shafts or arrows (Tooneer).⁴ The Seventh Mantra of the same Sukta describes the horses which charge the enemy in a bid to annihilate them. Another Mantra salutes the SHAFT God which has a poisonous war head.⁵ Repeatedly the Vedas urge the Kings to keep the armies ready and equip them with the best possible weapons. The Sanskrit word ‘Sangram’ means a battle. It has originated from the word ‘Gram’ and it suggests that in other to defend the country the forces of the villages were mobilised. We can find many such words in the Sanskrit language which prove beyond doubt that ancient Aryans were the militant people and the first and foremost duty of the rulers was to fight the enemy and defend the country. The warfare of the Aryans can be a subject of another very interesting study and research with which we are not immediately concerned.

It is obvious that defence consumed the major part of the State revenue and it has been described as the most important head of expenditure. Although the modern methods of preparation

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1. वन्न दुः मद्धुदुग्मन्मद्धुग्मार्कमद्धुग्म वाक्षमेव च।
   नुदुग्म गिरि दुग्म च संमाधित्व वसेत्तुर्म।। मद्धु द ६॥

2. आ त्वाहर्वन्तर्मेच्छा द्रुवस्तिष्ठा विषाचलः।
   विशेषतः सर्व वान्नु च मा त्वाहार्वन्तर्मेच्छा भूतान।। श्रव्वेद १ ० १ ६ श ॥

3. वरुवः २ ६३३६

4. श्रव्वेद ६ ६ ५५५

5. तद्वः ६ २ ७ ४ ७, र०
of estimates of budget were unknown, the ancient economists have prescribed broad guideline for allocation of funds in the normal times. Shukra recommends, "The King should spend three parts on the army, one half of a part on charity, one half on administration, one half on personal consumption and one half on his cabinet of ministers and the rest should be preserved in the treasury". Although this description is not very clear but it appears that more than 50 percent of the State revenue was recommended to be spent on defence in the normal times. Obviously, during an emergency this ratio could be increased. In the Shukraniti again another pattern of expenditure is prescribed. The King is asked to collect one lac Karsha per month out of which one and a half thousands should be earmarked for charity and personal consumption, one hundred for the writers, three hundred for the ministers, three hundred for the harem and princess, two hundred for the scholars, four thousands for the horsemen, horses and footmen and four hundred on elephants, camels, bullocks etc. These are the details of the monthly expenditure of the King and it also appears to be a mere description of the proportionate expenditure rather than actual expenses of the King. Here also Shukra emphasises that the balance of the revenue should be saved in the treasury. The defence included not only the armed forces, forts, weapons etc. but also a stock of supplies and provisions and a net work of spies as is clear from the dialogue between Nard and Yudhisthir in the Sabhaaparva of the Mahabharat. The sage Narad urges Yudhisthir to make sure

1. भिनिरमेंबं भार्यदानमर्क्षकेन ्च II
अर्थशिन प्रक्तयोहचर्या केनाधिकारिण: I
अर्थशिनारमर्क्षस्थिती कोशोंक्षति संरक्षयते II सुकर्निति 13१.६४, ३१५
2. सुकर्निति २२५८५६.६२
3. क्षिप्रदुर्गाणि स्वयंति घनणान्यामुशकी: I
गन्धच्च परिपूरणानि तथा शिलिक्षिसुः II
क्षिप्रदुर्गाणितायेनु स्वपको दस पंचो च I
शिंभिमिरिभिन्ते तीर्थामिकारको: II सुमर्द ५१६६, ३५
that the armed forces get their food and wages regularly and punctually. He warns that carelessness and irregularity in this matter may be disasterous.¹

Defence is considered so important that at one place in the Mahabharat Bhishma says to Yudhisthir that a King who fails in his duty of protecting the subjects is an incarnation of evil and his people should destroy such a King.²

(2) Promotion of Varta:

Varta as we have defined earlier means the economic activity of the country specially agriculture, trade, industry, animal husbandry and banking. The Kings have been repeatedly asked to spend liberally for the development of the economy of the State. In the Mahabharat there is a very interesting dialogue between the sage Narad and the King Yudhishthir. The sage asks the King to construct huge reservoirs for irrigation purposes and warns that the agriculture of the country must not depend on rainfall alone.³ In the Shukraniti there is a description of construction of canals, wells, tanks etc. The canal has been called an artificial river.⁴ In other works also the value of irrigation has been explained. Shukra even gives the measurement of various kinds of sources of water.⁵

The sage Narad advises the King that the seed should be carefully preserved and the farmers should be given the development

¹. Ibid., 5/49, 50
². अराजसिंहां हृदाँ बिलोष्ठारमनायं।
   संस्थान निर्विशेषं।। अनुवादमप्रवृत्ती ५०१२२
³. कब्जित राज्येत्वाणि पूर्णानि च हृदिति क।
   भागाणि विनिविष्टानि न कृषिद्विशमात्रका।। समाप्तम् ५१७५
⁴. शुक्रनीति ४९२२५, २३२
⁵. कूपचापीपुष्करिण्यस्वाभागी: सुगमास्त्रवा।
   कायः: बालिनिगुणविस्तारपद्धानिका।। शुक्रनीति ४९२२े३
loans at one percent rate of interest. From this Shloka it is clear that a part of revenue was spent on agricultural finance also. He again rules that the prosperity and strength of the country depends upon the economy (Varta), therefore, it should be the utmost concern of the King to take care of agriculture, trade and cow-rearing.

Bhisma advises Yudhisthir that the traders should not be neglected because by buying and selling the articles and moving about in the difficult regions of the country they render a valuable service. Therefore, they should not be overtaxed. At another place Yudhisthir is advised to help the traders by giving them money. This idea like many others has relevance in present circumstances also. The developing nations of the world are inviting the traders and industrialists of other countries to settle and start business and industry there. Certain undeveloped States of our country also are eager to welcome the wealthy industrialists in their States.

Manu has described the duties of the King in regard to trade and commerce of the country. The King should supervise, through a net work of officers, the trade and transport in his country. He should also make himself sure that the articles are sold at reasonable prices and they are correctly measured. Manu rules that weights and measures should be examined at least once in six.

1. कष्ट्चर्ग महत वीजः च कर्मकस्मात सीद्धि।
   प्रत्यक्षं च शतं वृद्धवा व्यासूर्यणमुनिश्च।। सामाप्तवे ५१७६॥
2. कठिनृत्व स्वगैठता तात वार्ता ते साधुमन्तेन।
   वार्तावर्त निर्मितस्य मुख मेष्टेन।। सामाप्तवे ५१५०॥
3. शान्तिपर्व ५६१२३
4. धनिनः पूजयेनितर्य पानाच्छायां नोजऽन।
   वक्तव्यार्त्यां पूज्येनितर्य प्रजा च सह्य येन्ति वे।। शान्तिपर्व ५६१२६
months.\footnote{1} Even the transport charges, wages, rates of interest are to be controlled. It appears that the ancient economists were not in favour of laissez faire. They favoured economy where the prices, wages, interest and other remuneration were under the State control.

It appears that in the Mahabharat period certain industries had developed and the authors of great epic knew their importance in the society. That is why they asked the rulers to encourage them. The sage Narad asks Yudhisthir if he supplies money, implements and raw material to the artisans sufficient to last four months presumably of the rainy season.\footnote{2}

The ancient thinkers knew the value of routes and bridges both for the defence and prosperity of the country. Therefore, they have emphasised the construction and maintenance of roads and streets. Shukra for example rules that the King should construct roads in the village and city and the country side and in the Shukraniti we find ideal measurements of roads. According to Shukra the best royal road (\textit{Uttam Rajmarg}) is one which is thirty hands wide (about 15 yards or 45 feet). The second grade road is twenty hands wide (30 feet) and the lowest grade road is fifteen hands wide (22.5 feet). The footpath (\textit{Patha-Pagadandi}) should be three hands broad and the lanes should be five hands broad and other roads of the villages and cities measuring ten hands.\footnote{3} In the same context Shukra rules the construction of markets on both the sides of the royal roads.\footnote{4} The authors of the Mahabharat also-

\footnotesize

\begin{enumerate}
\item \textit{तुलामांन प्रातीमां सर्वः स्त्राप्वत्वविषयाम्।}
\textit{पद्मः पद्मः स मात्रेण पुनरेव परीक्षयेत्} \textit{मनुस्मृति ॥४०३}
\item \textit{द्रष्टायपकरणं किंचित् सर्बं दा सर्वं गुणित्यानं।}
\textit{बाटुर्मात्याबरं सम्बं नियत सम्प्रयव्रजित्य} \textit{महाधर्मं॥ समाध्यं ॥९१६}
\item \textit{शुभतनिमत्त शिशुसु दोषः दी पृ० ६१}
\item \textit{Ibid.,} 1/158.
\end{enumerate}
recommend the construction of suitable roads with which shops and the places of supply of water are to be attached.¹

Most of the economists have prescribed the rules for the maintenance of road and water transport and the bridges at suitable places. Shukra States that an ideal road is one which is like the back of the turtle which has bridges across the rivers and ditches on both the sides so that water may not accumulate on the roads.² Shukra favours metalled roads.³ At suitable places there should be Caravan Sarai or rest houses (Panthshala) which are to be maintained by the officers of the villages. Shukra rules that it is the responsibility of the State to protect the life and property of the travellers who rest in the Panthshala. The economists have prescribed plantation of fruit trees on both the sides of the roads. The Mahabharat seems to be very particular about trees which must be preserved by the State.⁴ Bhishma asks Yudhisthir to take care that the fruit trees should not be felled because the fruits and roots are meant for the Brahmans.⁵

(3) Welfare Activities:

A substantial part of exchequer was spent on the welfare of the society. Schools and seats of higher learning should be opened and maintained by the State. Obviously the King is advised to spend money for the promotion of learning.⁶ It is the duty of the King to support the poor, old, invalid and down trodden people.

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¹ विवालित राजमार्गों का प्रयोग नराधम: ।
प्रयास विपणाश्च परिवर्तित व्यवस्था समाविष्टः ॥ शास्त्रीपन ६६१५ ।
² शुष्कमार्गों मूलमूल: कार्यालापमें सुतेतुका ।
शुष्कमार्गार्जस्वार्धातानि सर्वयों जलस्य च ॥ श्रुत्वग्रंथ: ११६५ ।
³ तवैव ११६७ ।
⁴ शास्त्रीपन ६६१५ ।
⁵ नस्तत्तनेन मध्य फलानु न फ्रिझ स्थ्यविषये तथा ।
श्रावणां मूलपाल धम्ममाधुर्मानीपि: ॥ शास्त्रीपन ६६१५ ।
⁶ श्रुत्वग्रंथ: २१५६०
of the society. According to Shukra it is the responsibility of the King to support the invalid, the ascetic, the pauper and the orphan. The Kings are also advised to maintain the temples and religious places. Great emphasis is laid on forests. Shukra even names the trees which are to be planted in the forests. The sage Narada advises King Yudhisthir that he should protect his people from fire, snakes, diseases and Rakshasas. He should support the blind, dumb, invalid people as also the orphans and ascetics. The King should make arrangement for competent physicians and dispensaries. Shukra also rules that the King should appoint competent physicians and scholars at important posts. Trained physicians should be appointed for the treatment of the wounded soldiers and the diseased people. Shukra mentions skilled veterinary surgeons also who may treat elephants horses etc.

(4) Promotion of Religion:

A pretty part of State exchequer was spend on the promotion of religion. All the scriptures have declared the King as the embodiment of religion. The sage Utathya describes this aspect of the King in detail as mentioned in the Mahabharat. The Mahabharat describes a dialogue between Rishi Utathya and the King Mandhata in which the former says, “The King’s foremost duty is to uphold the religious values and not waste his time in sensuality. All the people depend upon the religion and religion depends upon the King........the King is the embodiment of religion.........In fact, the very meaning of the King implies a man in whom religion

1. कृपणातायब्रजाणां यदाशु परिमार्जेति ।
   हर्षं संजनयानु नृणां स राशोथर्भं उक्ष्यते ॥ शान्तिपर्व ६.१.३७
2. विकलांगन्ध्रजितास्तदीना नायांश्च पालयेद । शुक्रनीति ३.१.२१
3. तदेव ४१३६
4. समा ५.१२२, १२५
5. कक्षिद वेदांसिद्ध त्त्यामछटाणाय विशारदः । समा.पर्व ५.१६०
6. शुक्रनीति २.१२३
7. Ibid., 2/126, 29.
The ancient sages have assigned this duty to the Kings, and it is precisely for this reason that the Kings have been asked to follow Brahmins and help them in all possible ways. The Kings are advised to exempt the Brahmins from taxation, make provision for their livelihood, give them cows, food, clothes etc. They are also advised to help the Brahmins in conducting rituals like Yajna and furthering learning in the country. It is obvious that a substantial part of State revenue was to be spent for religious purposes.

(5) **Administration:**

A part of the exchequer was spent on administration of justice and services in the country. The ancient Sanskrit texts describe in detail the various officials, their duties and qualities as well as their responsibilities. It is not the purpose of this study to describe the organisation of administrative and executive services of the State. We are concerned only with the ideas and rules prescribed by the ancient thinkers in respect of the administrative set up of the ancient Indian society and States. In this respect Shukra is most comprehensive and his description is vivid and full of details, a brief mention of which will not be out of place here. Shukra rules that the cabinet of ministers should consist of 10 members which he calls collectively Prakrati although he concedes that there can be eight members also. The cabinet should have a religious head (Purohit) a Pratinidhi who is immediately under the Purohit, a Chief Minister (Pradhan Mantri), a Sachiva or the defence minister,

1. चर्माय राजा सब्ति न कामकरणाय तुः।
   मान्यातारिति जानुत्त्रि राजा लोकस्य रक्षिता।
   चर्में तिपन्निः सूतानि चर्मैं राजनि तिन्याति।
   राजा परस्मार्थाः लक्ष्मीयान चर्में उच्चते।
   दिवंतु चर्मैं विराजेत तं राजनं प्रबन्धकः।
   दिवंतर बिलिवेते धर्मस्तं देवा वृक्षलं विवुः। II शास्तिपर्व ६०.३.५.६.१५।

2. चर्मस्य भ्रात्रणो योनिस्तमातृ तात्रू पूज्यत सदा।
   भ्रात्रणानां च मांधा: कुवांदु कामान्मस्तरी। II शास्तिपर्व ६०२२
an advisor or *Sumantra*, a law minister (*Pravivak*), a minister (*Mantri*), a scholar (*Pandit*), a senior minister (*Shrestha Mantri*) an *Amatyta* and a personal ambassador of the King. Shukra has prescribed their respective duties and rights and their portfolios can be changed.\(^1\) Shukra again rules that separate officers should be appointed for the supervision of various department like taxation, armed forces, treasury, gardens, dispensary, forests, markets, coins, elephants, horses etc. There should be separate officers for the supervision of weights and measures. There is a mention of police force and the word *Yamic* seems to be used for policeman.\(^2\) Shukra rules that the policeman (*Yamic*) should move about in the streets hunting for the thief and criminal. In the Mahabharat also the various sages and saints have given their opinion in respect of administration of kingdom, the various kinds of officials—their duties and qualifications. Of course, the views are not similar but they give an idea of their clear understanding of the economic and political problems of the country. The sage Narad rules that the Purohit must be a person of great learning and extra ordinary intelligence and integrity.\(^3\) He emphasises that the ministers must belong to respectable families and their posts should be preferably hereditary.\(^4\) The clerks, writers and servants should be obedient, faithful and efficient and the State should pay them their wages regularly.

\((6)\) Charity:

The last but not the least item of public expenditure was charity. The Vedic and post-vedic literature is full of praise for

\(^1\) समासत: पूरोधादि लक्षणं यन्तुदद्यते ।
पूरोधां प्रतिनिधि: प्रधान सैवस्तथा ॥
मद्धी प्रचार विवाक्षयंपिंदितसं सुमन्त्र ।
आमोल्योद्हात्त इत्येवाराज: प्रक्रियोदश ॥ शुद्धनिति २१६, ७६

\(^2\) तद्वैः, २११७, ५५

\(^3\) महाभारत समाप्त ५१४०

\(^4\) Ibid., 5/44.
charity (Dan) as a duty of the Kings and the householders. (Grihastha). In the Rigved there is a hymn called Dakshina Sukta which describes the virtues of a person or King who gives alms to the poor people. Some of the verses are worth remembering. Rigved sings, "The giver is immortal, he never becomes poor, he becomes free from all pains and evils, he gets all pleasures of this earth and heaven".¹ In the same Mandal there is another beautiful hymn called Dansutra which urges the people to give alms to the needy.² The Mahabharat is full of ideas which urge the Kings to give alms to the poor, needy and of course to the Brahmans e.g. the sage Narad asks Yudhisthir if he takes care that the needy people regularly get the donations etc. from him.³ Again he asks the King whether the Brahmans of his kingdom get a share from the foodgrains, fruit and flowers, milk, ghee and honey raised on State farms.⁴

**Canon of Public Expenditure:**

Although the ancient economists did not examine the problems of expenditure as minutely as they have examined the problems of taxation we find some ideas scattered through the various scriptures. On the basis of these ideas we can formulat certain canons of expenditure emphasised by them.

1. **Righteousness:**

   This is the first and the foremost canon of expenditure. Shukra is very explicit in this respect. He says, "The treasury is

¹ न मोजस्थ मुनि वर्षमीयेव रिश्वद्यति न व्यथिते हू मोजाः।
   हृदं यदिस्वं भूवानं स्वश्रृंदुः सर्वं दंकिणोमयो ददाति॥
   कृष्णेदं दक्षिणां सूक्त १०१७१४ः

² न स स्त्रात्वः न ददाति सर्वः सजायुः सहस्रायुः सर्वः सहस्रायुः।
   अवसानातु प्रेमानन्त तद्यथा कर्थित प्रणतं सत्यं चित्तिैः॥
   कृष्णेदं १०,१७, २ (दान सूक्त १०)

³ महाभारत समाप्तम् ५१६२

⁴ कान्तिः ते कुपलितेन गोधुः पुपकलेनु च।
   धर्मोऽयति हितातिस्थष्य दीयते मधुसूदिनी॥ मात समात ५१,५७
meant for the protection and welfare of the country. It should not be used for personal ends.”¹ He says, “Wealth should be collected by righteous means and spent in the right manner”.² The King should always bear in mind that the real purpose of the State treasury is the defence of the country and the promotion of religion and welfare in the society. If the State funds are misappropriated and used for other purposes than these the King fails in his duties. Manu and the sages of the Mahabharat as also the other writers have repeatedly warned the rulers not to spend the public money for personal pleasures.

2. **Canon of Economy**: 

The King must be economical in dealings with the State finance that is why the ancient economists have advised the Kings to appoint a person who is honest and miserly. Shukra writes, “Money should be carefully collected and carefully preserved because a little negligence may cause the waste of all the wealth that has been accumulated”.³ The sage Narad advises Yudhisthir not to spend all the money earned by him. He says that the expenditure should be 1/4 or 1/2 or at the most 3/4 of the total income.⁴ Shukra provides more rigid standards of economy. He says that the expenditure must be within the income of the King because if the income is less even the treasury of Kuber, the God of Wealth, will exhaust one day, what to speak of other lesser people.⁵ He has praised the virtue of savings both of money as

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¹ शुक्रनीति ४११७, ११६
² स्वामस्वी स्वयंग्री पारमपांचु स्रिपरितकम्। शुक्रनीति ४१२१
³ संप्रहस्यस्यस्यायी कर्तव्य: कार्य सिद्धिद्। संरक्षयस्यतः संग्रहितां धनानितकम्॥ शुक्रनीति ४१४६
⁴ क्रिष्णदायस्य चार्यैं चतुमिशिन ला पुनः। पादमयेनितः सिद्धिः स्वयं स्पदुःसुने लए॥ समाप्य स०१५४।
⁵ नवेष्टन्यवायालं चंतित्तुधुंधनं भवेत्। सदासांसद्रितानाक्षयः कुबे रस्यविनायक। शुक्रनीति ११५०
well as supplies like food grains etc. Shukra remarks that the King should have sufficient funds so that he may feed the armed forces for twenty years even if he does not get any revenue from the people.¹ According to him the food grains and supplies should be sufficient to last three years.² However, the ancient writers did not preach miserliness. They distinguished between miserliness and frugality. Shukra clarifies this point at one place when he says, “One should save money like a miser but when necessary, he should give it away like a saint or ascetic”.³

The ideas of ancient economists regarding public expenditure prove beyond doubt that the ancient writers favoured a surplus budget. Many of the modern economists believe that a deficit budget is helpful for the economic development of the country although they concede that the budget of an individual should have a surplus. The Indian ancient writers, however, invariably consider economy as a virtue both of the individual and the State. They were not familiar with the modern economic theories and the tools of analysis. Their ideas were based on experience and trial and error.

3. Canon of Sanction:

The ancient thinkers knew the value of wealth and Treasury. Therefore, they have asked the rulers to take care that it is not wasted through negligence. At one place Shukra rules that written orders should be passed by the King for necessary actions including payments. He further says that to avoid confusion and ambiguity the King should pass orders in writing and the officers also should not do anything unless they get orders under the seal and signature.

¹ वंछण शूक्रेष्ठु विनाकोशाङ्लेस्य च। संरक्षणः मवेसस्मत्या वैशिष्टतिब्धसरसम्।। शूक्रीति ४।१२५
² शूक्रीति ४।१२४
³ संरक्षयेष्ठुपण्वत काले दशायदिरहस्तवल।। शूक्रीति ४।१५४
of the King. Those who do not do so are thieves.\(^1\)

4. **Canon of Welfare**:

According to the ancient writers the rulers must spend the public money for the material and spiritual welfare of the society. They have been advised not to spend the money for the satisfaction of their own desires.

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1. न कार्य भूलक: कुर्यांनूपले खादिनावचिति।
   नास्तापेन्यखनेन विनाल्पवामहनूपः।
   स्वते: पुरुषमेवत्वालेख्यं निर्णायिकफरसम्।
   अलेख्यमातापाधिह्य लेख्यं वत्करेतिहय।
   राजकुक्त्वमुनिशोरोरोरो भूत्यन्तपति सदा।
   नृपसंचिल्लत ह्य ह्य नृपस्तनमूपोऽपिः।
   खुश्चन्ति रू.२८१, ६२, ६९
CHAPTER VII

Agriculture

Vedic India was essentially agricultural India. After conquering the fertile land of India, which was later on called Aryavarta the Aryans settled down and started cultivation and animal husbandry on the Indo-Gangetic plains of northern India. Trade, commerce and industry developed later on. Agriculture was the most important industry and occupation of the people and it was the biggest source of income of the society and State. Later on the Aryan society was divided into small kingdoms, the names of which we find mentioned in the Vedas, Panini’s Ashtadhyayi, Arthshastra of Brahaspati and in the Mahabharat at a number of places. Agriculture continued to be the most important occupation of the people in all the kingdoms of India for thousands of years. Naturally the ancient economists studied the problems of agriculture and tried to work out solutions of those problems.

The Vedic and post-vedic Indian society and culture was greatly influenced by agriculture e.g. the Sanskrit language unmistakably bears the stamp of importance of agriculture and cow rearing. There were many words in Sanskrit which have been coined on this basis. The word Godhuli means the dust or the time before twi light—literally means the arrival of the cows from the pastures picking up dust. In the same way Gawaksh literally means the eye of the cow but the actual meaning of the word Gauaksh is an opening in the wall of the house (Jharokha), Goshthi is an old Sanskrit word which too literally means a group of cows resting at a place in the forest. Later on it began to be used as a symposium where the scholars discussed the various problems. There are many other examples which are not relevant.
The ancient works of Yask and Panini throw some light on the contemporary agriculture and the allied industries like cow rearing etc. The word *Krishi* originally meant ploughing. Later on this word covered other operations of agriculture also. Katyayan in his Vartik and Patanjali in his Mahabhashya describe that the word Krishi includes not only the tilling or ploughing the land but also other operations like sowing, reaping and feeding the cows and bullocks etc.⁵ The Vedas describe agricultural operations in detail. The Rigveda has many prayers addressed to the Gods for protecting the fields.⁶ One of the purposes of Yajna was to induce timely rainfall. There are prayers addressed to *Sita.*⁷ In the times or Kautilya, however, the word Sita meant the land in the possession of the King.⁸

In the Vedas we find many prayers addressed to rain God (*Prajanya* or Indra).⁹ In the Rigveda there are many prayers addressed to *Marut* to be kind so that there may be good crops.⁹ In Atharvaveda there are many prayers addressed to Indra to bestow cows on the people.⁷

In the Rigveda we find many hymns and prayers which describe in detail the agricultural operations of the Aryans. In one of the Suktaṣ the farmers have been asked to develop the agriculture, sharpen the ploughs, sow the fields and reap the crops

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1. महाभाष्य—पात जलि ३११२६
2. अर्थावैद—४१४६६७
3. सीताया संगत अश्रेष्टम् | अष्टाध्वायी ४१४६१
4. कौटिस्य २१४५
5. शुन्य पञ्चग्राम मधुना पयोमि शुनासीरि शुनमस्मातु | पवतम् ११ निकामे निकामे न पञ्चग्रामो वर्षतु फलवत्येँद्व । अर्थावैद ४१४७ यशुवैद २१२२
6. अर्थावैद १२४६६५६
7. तद्वः—१२४६६५६
with sickles. They have been asked to make water reservoirs for cattle and irrigation purposes. Water should be drawn with thick ropes. The bullocks should be fed well. After gathering the crops the grains should be transported in the bullock carts. In the same poem we find a number of words used for various agricultural implements and parts used in making carts and ploughs etc. For the thick rope the word Vartra has been used which is certainly the ancestor of the word Varta/Vatta used in the villages of Uttar Pradesh.

The Kalp Sutras have used many words representing agricultural operations and implements of agriculture. The word Hal means the plough while Hali means the big plough. Karsha means the tilling of the land. Khal means the granary or the place where the harvest has been gathered. The Lavan means reaping the harvest and Krishiwal means the farmers. It is interesting to note that most of these words used in the Vedic texts are still in Vogue with slight modifications in our villages. The cultivable land was classified into many categories. Kedar for example was the word used for wet land (Ardrabhum) and ordinary fields were called Karsha. The land unfit for cultivation was called Ahilya. The land which can be cultivated by one plough was called Halya and that which can be cultivated by two ploughs or three ploughs was known as Dwihalya and Trihalya and so on. Agricultural fields were known by the name of crops grown on them e.g. Shaleya was the land on which peddy (Shali) was grown. The field which produced Barley (Yava-Jou), the favourite and staple food of the Aryans, was called Yava. In the same way different names were given to the fields producing different crops.

According to Panini there can be three kinds of farmers. The farmers who do not have their own ploughs are called Ahallis. Secondly, the farmers who are in possession of good land or

1. अथवावेद २०१५६७
2. अष्टाध्यायी—पाणिनि, ६२१६७
ploughs are called *Suhali* and finally, the farmers who have old ploughs are called *Durhali*.

The Vedas, Nirukta, Ashtadhyayi and many other scriptures describe the various food grains, crops, fruits and vegetables produced by the farmers. The Vedas have mentioned many food grains like Wheat (*Godhum*) barley (*Yava*) Rice (*Shalibreehi*) *Til* *Urd* (*Masa*). Many varieties of Rice have been mentioned of which *Breehi* and the *Shali* were the most important. Panini mentions *Mahabreehi* which was a famous variety of rice. *Moong* (*Mudga*) also has been mentioned. Besides these food grains, sugarcane (*Ekshu*) and the names of large number of fruits are found in the Vedas and the later works. Incidentally in the Rigveda there is no mention of mango. But Panini in his Ashtadhyayi mentions this fruit which was already popular with the Aryans as *Amra*. In the later Sanskrit works this fruit occupies a place of pride. Thus it appears that this tree was imported from outside in the later period. Hemp or Canabissativa (*Bhanga*) was grown in plenty. Many herbs and medicines were produced by the Aryans. *Manjisht* or *Majeeth*, indigo (*Nel*), *Kustumburu* (*Haradhi niy an*) were also produced.

These words prove beyond doubt the place of agriculture in the Aryan civilisation during the Vedic and post-vedic period. The writers of the later periods have discussed the various aspects of agriculture. According to Jain my theology it was Rishabh Deo, also know as Adinath, who started agriculture in India. His symbol is the bullock which symbolises agriculture. Although the claim of Jain mythology is different to verify but historically agriculture developed next to animal husbandry in the economic evolution of the society. The main occupation of the Aryans was cow rearing

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1. ब्राह्मण में यात्राच में मात्राच में तिलाच में मुद्राच में खल्वाच में प्रयावंग में आवस्थ में ध्यामाकाळ में नीवाराच में गोयुमास्ख में मृत्युरास्ख में कल्पताम। युद्ध १५४३२
before their arrival in India. They started agriculture when they settled down in the fertile Indo-Gangetic plains and it is quite possible that Tirthankar Adinath showed them the way.

According to Shukra agriculture is the best occupation especially when it is done on the fields lying on the banks of the rivers. The work of a trader is comparatively inferior and the work of a Sudra is the worst. It is necessary to point out that agriculture was almost the exclusive occupation of Vaishya and his servants, the Sudras. The scriptures do not favour cultivation by Kshatriya and they are opposed to the idea of cultivation by Brahmans whose primary duty is the pursuit of truth in the society. Even now there are many Brahmans in the country who consider touching of plough sinful. However, it appears that Brahmans could possess land although the agricultural operations on their land holdings were done by labourers. There are references in the scriptures which prove that the Kings gifted land to the Brahmans and Shukra rules that a Brahman can have sixteen bullocks per plough whereas the Kshatriya, Vaishya and Sudras are allowed to have twelve, eight and four bullocks respectively.

Good Seed:

The ancient writers knew the importance of good seeds. The Rigveda says that a good peddy crop can be grown with the help of good peddy seeds.

1. कृषिस्वाचोत्सवम् वृत्ति: यासरिन्मामुकामता ।
   मध्यमा वैश्य वृत्तिः शूद्र वृतिः स्थापम् ॥ शुक्लनीति ३।२६४
2. सीरमेदे कृषिरूपतामत्तायाः ब्राह्मणादिपु ।
   ब्राह्मणं पोढङावं चतुर्हनं यथा परेः ॥ शुक्लनीति ४।२६०
3. बप्पतो वीरसम प्रायाकामतः प्रज्वलनि सोमं न मिनसति वस्तिं ॥
   ऋग्वेद १०।६४।१३
Manu declares that for a good crop to things are most essential. One is good seed and the other is the fertile land. In the same way the child of learned Arya and an Aryan lady of integrity are fit for Vedic knowledge. Manu emphasises that seed alone cannot produce a good crop. In the same way a fertile land without good seed is unable to produce a good quality of harvest.¹

In the Mahabharat we can find many references suggesting the importance of good seeds. The sage Narad asks Yudhisthir that it is the duty of the King to see that seeds are preserved at all costs.² However, it was Kautilya who in his Arthashastra prescribes that it is the duty of the King and his officers incharge of agricultural operations, to collect at the time of the harvest the seeds of various food grains and crops like wheat, rice, fruits, vegetables cotton etc.³ Definitely Kautilya was more practical and realistic in this matter.

Irrigation:

The ancient Indian writers knew the importance of irrigation. The main occupation of the country was agriculture which, the Indians realised, was a gamble in the rains or (Marutah). The failure of mansoon was the greatest calamity as it is today also. Therefore, the Vedas, scriptures and Puranas are full of prayers invoking the Deities like Indra, Barun etc. to induce rains. Even today in our country whenever the rains fail, the people gather in the shrines to pray for rains. The later writers were, however, more realistic and practical. The sage Narad asks Yudhisthir if he has built huge reservoirs to store up rain water for irrigation.

¹ सूक्तिज चैव युक्षेष्ये जातं समाहते यथा।
तर्यायं जात नायं सर्व संस्कार महं।
बीजस्य प्रशंसन्ति क्रेशत्रम्भे मनीष:।
बीज क्रेश्ये तर्यवर्ग्ये तत्रेयं भयविष्यति।
मनुस्मृति १०१६२, १२

² कृत्तिन्म महकं बीजं च कर्षक्ष्यायवसीदिति। समापवं ५१७६।

³ कौटिल्य २१२४
purposes. He warns the Kings the agriculture should not depend
upon rains alone. This warning is as relevant in our country
today as it was during the reign of King Yudhisthir.

Shukra also prescribes that the King should construct wells,
tanks and reservoirs etc. to store water for agriculture.\(^1\) He also
recommends that the land revenue should be based on the irrigation
facilities available to the farmers.\(^2\) In order to encourage
irrigation Shukra prescribes that if the farmers construct their own
wells, water-channels etc., they should be exempted from land
taxes till the income is double the cost of cultivation.\(^3\) It appears
that in the ancient Vedic period agriculture did not have the
facility of canal irrigation although the words like artificial
rivers (Kritismanadiya)\(^4\) have been used. There is a mention of water
machines (Odayantra) which probably was something like persian
wheels (Rahat) of today.

Panini mentions certain methods of irrigating the fields. The
huge leather container of water which was used for well irrigation
was called Udanchan.

Pests:

In the Atharvveda we find a prayer to the twins Ashwini
Kumar to protect the crops from rats and other rodents. The
rats are also asked not to destroy the barley and other grains.\(^5\)

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1. Shukh Manasa 41.333
2. Shukh Manasa - 41.224
3. Tadva - 41.312, 31
4. Tadva - 41.232
5. Hitam tadb sam maanu mahinana cintante shire ohi viharitam
    *yavana* nanapati nihant mukhmanay kshanta vyayay 11. atharveda 6.15.1014
Technique of Agriculture:

It appears that during the last three or four thousand years there has not been any basic change in the technique of cultivation in our country. In the Shatpath Brahman, which is one of the earliest scriptures of the Vedic period, the main agricultural operations have been described and they were ploughing (Karsan), sowing (Vapa), reaping (Lava), threshing (Nispava).¹

Panini’s Ashtadhyayi and commentary of Katyayan (Vatrik) and Patanjali’s commentary (Mahabhashya) have use hundreds of words which throw a lot of light on agricultural operations in the ancient India. There were ploughs drawn by bullocks and some ploughs were so heavy that they had to be drawn by four, eight or even sixteen bullocks. Ploughing was done a number of times. The big farmers sat comparatively in a corner while their labourers tilled the fields as many as five ploughs.² This shows that there were huge farms in the possession of landlords who engaged the labourers for agricultural operations.

After ploughing the fields the sowing was done. There is reference to sowing of two or more crops at a time. It is significant to mention that even now in certain States of our country many crops are simultaneously sown. Sowing was generally done during the rainy season that is in the month of Shravan. Magasthnesa describes that there were two crops in India in one year.

When the crops were ripe, the reaping was done by the labourers and the plants were stocked in a corner of a field which

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1. ते हे तमेरभु तेकरहु चकिरे। यास्मात्मेतात्मनुस्त्रुवानित कुस्तो ह रूबेषु पौष्ट्रक्रामवर्यती सुवर्णाचे स्मृति।
2. एकांते द्वैषोमात्रीन उत्तमे पच्चिमीहैले कुस्तीति।

नात्र नवितव्यं पच्चिमीहैले कर्षयतीति। वातिक ३११२६ वातिक ३
Panini calls *Khal*. Sometimes many farmers stored their harvest at a common place which he calls *Khalya*. Finally, there was threshing of crop in order to separate the grain from the hay. Threshing was done by the bullocks. When the crops were crushed by the bullocks the hay was separated from the grain by the people as it is done now also. In the ancient texts there is a description of other minor operations like Nirai or weeding process. Manu-smriti says, “Just as a farmer destroys the weeds and saves the crop, in the same way the King should destroy the anti-social elements and save the people.”

Panini describes about seven crops produced in India by the farmers but probably the number was much greater.

**Manures:**

The Aryans in the Vedic period knew the use of manures prepared from cow dung and other organic matters. Shukra also speaks of organic manures prepared from the droppings of cows, goats and sheep and also from animal bodies. Shukra recommend the use of organic manures specially for the fruit trees. Kautilya in his Arthashastra describes many to kinds of manures made from cow dung, fish, bone etc. According to Kautilya the preparation of manures should be supervised by the officer-in-charge of agriculture (*Shitadyaksh*).

**Organisation of Agriculture:**

The village land was divided into many categories. According to Panini the fertile land was cultivated and he calls it *cultivable*:

1. यथोङ्कि निविदात वक्ष्यवाच्यच रक्तिति।
   तथा रक्षोदानो राज्य हृद्यच्च परिप्रेयिनः॥ मनुस्मृतिः सौः १११०
2. अन्ताविगोष्ठ कृद्धिः वाणविकमितिः प्राणयेत।
   उद्दु वराह्याय वर्गितच्च संदन जंगला॥ शुक्लीतिः सौः १२२
3. कृतित्वावः २१२४
land (Sitya). Then there was pasture (Gochar) which was jointly owned by the village while the agricultural holdings were in the possession of individual farmers. Besides these two types of land, there were fruit groves, bamboo groves and the fallow land which produced nothing. The organisation of agriculture was somewhat like Zamindari system. Theoretically land was the property of the King but for agricultural purposes it was distributed among the big farmers who were the owners of the land for all practical purposes. They employed labourers (Bhrtiya), or slave or serfs who did most of the agricultural operations for which they were paid wages (Bhriti) and food (Bhatka) which is the ancestor of our allowance (Bhatta) of to-day. Although the Vedic cultivation was essentially individualistic but at certain places we find references of State farms also. Generally it was the duty of the rulers to look to the agriculture of the country and to provide the peasants all kinds of facilities. The Mahabharat prescribes that the King should give loans in the form of cash, seeds and implements etc. to the farmers.¹

Agricultural Taxes:

The ancient economists have prescribed certain taxes on agriculture which we have discussed in detail in the Chapter V dealing with Public Revenue. It is sufficient to mention here that the farmers had to pay many types of taxes. The most prominent tax was land revenue. Shukra rules that the King should collect land revenue from every inch of land without which he cannot survive.² The farmers are asked to pay a fixed percentage of the gross produce. This percentage could be raised during a crisis. We have already discussed the views of Shukra, Manu, Mahabharat etc. regarding the various types of taxes on agriculture and repetition is unnecessary.

¹ महाभारत समापर्व ५.७६
² नददास्व वर्गंयुलमपि भूमे: स्वस्वतिवनिवर्तमानस।

वृत्त्वर्थक्येवभिप्यायावभ्राहस्तु जीविति।। शुक्नीति १२१०
Characteristics of Agriculture in Ancient Times:

We find a lot of description of agriculture and farmers in the Vedic and post-Vedic period. The farmers were hard working, people and raised two and sometimes three crops in a year. The means of irrigation were few and insufficient and thus agriculture had to primarily depend on rainfall. This is the important reason why the Vedic literature is full of prayers for rains. From modern standard the Aryans were very superstitious because they observed many rituals totems some of which were nothing but short of black magic. In the Atharvaveda we find a detailed description of such rituals. Perhaps agriculture and superstitions go together for the obvious reason agriculture being a very risky and uncertain industry especially in a developing country like ours. With the growth of science and techniques of cultivation and the facilities to agriculture the risk is gradually being reduced and the farmers are becoming more rational and scientific.

In the ancient texts we find the views of seers about the methods of storage of food grains. In the Shatpath Brahman the word Kaushthi (Kothi) was used which was a huge container of preserving the food grains. This Mantra of Shatpath Brahman also mentions that food grain was also stored in huge pitchers (Kumbh) and bags made of leather. Another word for a large container has been used by Panini which is Kusool.

This word has been repeatedly used in the post-Vedic scriptures. Manusmriti mentions several types of stores of food grains. According to Manu, “A man should either store in a huge

1. यथो वास्तनि: यथो हि वास्तनस्ति स्मादनस्त एव यज्ञवचि स्मगति न कोष्ठस्य कुम्भे स्नायूः हि स्मायूः स्मग्निः तदु वृत्तीभ्रमिति सन्नाये यज्ञवच्या सुत्तान्ये तस्य प्राणहति यक्षायं निमित्तायाभिनि तस्मादनस्य एव गृहीतादि।

2. कुसूल कुप शालं विलं—अष्टाध्यायी ६।२।१०२
container (Kusool Dhanyak) or in a pitcher (Kumbhi Dhanyak); or store for three days or for one day (Trayahik, Ekahik). This classification of Manu is subject to a lot of controversy. According to Medhatithi a Kusuoldhanyak stores food grain for one year and a Kumbhidhanyak for six months. However Govind Raj in his commentary says that Kusuoldhanyak is one which stores food grain for twelve days and Kumbhidhanyak for six days.

It is significant to note that Manu is not in favour of storing much food grain or wealth by the Brahmans because he clearly explains that the less food grain is stored for future the better it is for a Brahman. Obviously he does not mean that the householders or the king should not store food grains because their duties are different from a Brahman who is devoted to Brahma or truth.

Animal Husbandry:

The Aryans were cow herds by profession before they settled down in the fertile lands of Indo-Gangetic plains. Cow was the main source of food and living of the people in the Vedic period. Naturally the Vedas and other Hindu scriptures are full of praises for the cow and the Aryans were very much sentimental about the cows, a tradition we have inherited. Cow was a medium of exchange, a store of value, a subject of Status and prosperity in the country. Even now in our villages the status and prosperity of the farmers are measured by the number of bullocks and heads of other cattle in their possession.

1. कुसूल धान्यको वा स्वातुकुम्भिप्राप्यक एव वा ।
   भयेतिहिको बार्यिक भवैवस्तवतिनक एव वा ॥ मनुस्मृति ॥१७

2. चतुर्यामिको चांद्रेष्यं द्विजानां गृहमेधिनाम् ।
   व्यायानरः परो श्रेयो घरंतो लोकजितम् ॥ मनुस्मृति ॥१८
In the Rigveda there are many prayers in the praise of cow and they are called *Go Sutra*. There are prayers to the gods to bestow good cows on the people.\(^1\) Not only the Rigveda but all the Vedas have sung the praises of cow. The Atharvveda sings, “The cow serves all the people in all lands where the rays of the sun reach. Cow is equally useful to the Devas, Rakshasas and men”\(^2\). There are some writers who are of the opinion that the Aryans were beaf eaters. Rahul Sankrattyayan believed in this idea but his contention rests on insufficient and isolated evidence. On the contrary we find that the Aryans worshipped the cow and called it *Agninya* which means it should not be killed.\(^3\) The *Nirukta* of Yask and Ashtadhayyi of Panini are full of references to the cow. Panini has given different names to the cow in different conditions. A cow ready for pregnancy has been called *Upsarya* and this word is still alive in our villages in the form of *Osar*. A cow which is to deliver a calf has been called *Adyaswina* and a cow which has given milk for several months was called *Bashkhayani* and its relevant *Bhakhari* is still prevalent. Hindu mythology comprising of various Puranas, Mahabharat and Bhagwat has thousands of pages in the praise of cow and bullocks. The love of Lord Krishna for cow is well known to every man in the country and even in the world. In the mythology there is a mention of some extra-ordinary cows like *Kamadhenu, Nandini* etc. It is not for nothing that our rich heritage has given us a sentimental outlook for the cow although the irony of fate is that our country has the worst possible cows in the world.

The love of Aryans for the cow is understandable. The cows

\(^1\) या: सह्या विह्या एक हरा या सासामनीनीड्याय नामानि बेद ।
या अंगरस्ति पसेह चक्रस्तम्य: पर्ज्ञ्य शहि शाम्य यष्टी ॥
अर्ब्धबेद र०।१६०५ एवं अर्ब्धबेद र०।१३४५

\(^2\) बस्नां देवा सुप्रेरित्ति बलां मनुष्यां उत ।
बैतक्ष्य सर्वसमवत् यात्रासूर्यी विपद्याति ॥ अर्ब्धबेद र०।१०।३४

\(^3\) अध्यय इति गर्भां नाम के एतं महि ॥ समाप्तिः र०।३५
provided nutritious food like milk, curd, butter and ghee etc. Ghee was essential for Yajna which was the most important ritual of the Vedic period. From the cow they got the bullocks without which cultivation and transport were impossible. It appears that the breed of cow in the Vedic period was excellent because the volume of dairy product was fantastic according to the description of the scriptures. In the Mahabharat there is a description that in the Rajsuya Yajna of Yudhisthir there were streams of curd and ponds of ghee.¹ This may by a poetical exaggeration but it does reflect the abundance of dairy product of the Mahabharat period.

Cow rearing was the most important occupation of that period and it was considered a respectable art and science. Shukra has recognised it as an art.² Perhaps certain people learnt this art and science systematically. In the Mahabharat it is written that Sahdeo, the youngest Pandava, was an expert in it and in Virat Nagar he undertook the responsibility of looking after the cattle of the King of Virat Nagar.

The various writers have prescribed rules for Animal Husbandry. Manu for example writes that around a village or town, pasture or the land meant for cattle should be left measuring one hundred bows (Dhanush) and in all the area of this land there should be no cultivation.³ This idea of Manu deserves an explanation in regard to the area of land. One bow of land was equal to four hands or two yards. It means, according to Manu, around a village there should be a pasture measuring two hundred yards and around a city the pasture should measure three times that of the village. According to Manu the servant who looks after the

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¹ ददि कुल्याःक ददहुः सपियां च हुदांजना । समा परम ४५१३४
² सुस्वदेहादिव विज्ञाने भूतां ते सुकता समूता । शुक्रनीति ४१३२६
³ वनु: चतं परीहारो ग्रामस्य व्यासस्वत: ।
शम्पातासयो वाङ्गि निम्नोनत्रय तु ॥ मनुस्मृति ५१३३७
cows is entitled to get the milk of one cow for every ten cows taken care of by him. Manu has framed many rules for solving the disputes between the master of animals and the servants who look after the cows. The Gop, (a servant who looks after the cows) is responsible for the loss of cattle due to his negligence but if the cows etc. are stolen and he informs his master in time he should not be held responsible. According to Manu the fields of the farmers must not be damaged by the cattle. If it is done the master of the cattle should be made to compensate the loss to the farmer. However, this rule is not applicable to the bulls dedicated to the Gods. The idea is that if the damage is done by the bulls which have been dedicated by the people the owners may not be asked to compensate the loss. Shukra, however, thinks otherwise. He has clearly written that the people who dedicates the bulls should take care of them. The idea is that the person dedicating the bulls should feed them and see that they do not damage the crops etc. of the farmers. Shukra further rules that the people who flout this order of the King should be severely punished.

According to the Mahabharat the cow rearing is the exclusive duty of the Vaishyas and this will give him happiness and prosperity. The Mahabharat also proscribes the remuneration which a Vaishya is entitled to get in return of his services to the
King and other people. If a Vaishya looks after six milch cows of the King, he is entitled to get the milk of one cow as his remuneration. If he takes care of one hundred cows belonging to others for one year, he should be given one pair of cows as his wages. He is also entitled to get one seventh part of the prices of the milk and other animal products.¹ The Mahabharat emphatically rules that the Vaishya should never shun the service of the cow.²

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¹ वणामेकां पिबेदन गेत्रू मशायक्ष मिछुनं हुएत || लम्बाख्त सप्तमम माङ तथा ल्रेगे कलं खुरे || शास्तिपर्व ६०१२५

² च च वैद्यरस्य कामः स्याल्न रक्षेयं पशुनिति || शास्तिपर्व ६०२१६
CHAPTER VIII

Industry

We have mentioned earlier that Varta included Shilp of various types. Although agriculture and cow protection were the two basic industries of the Aryans but they were familiar with many crafts and arts which were collectively called Shilp and Art. Shukra has given a complete list of many arts which we have mentioned in an earlier Chapter. Certain industries go along with agriculture and animal husbandry. For instance, plough cart, spade and numerous other implements must be made without which agriculture is not possible. The Aryans obviously knew these crafts but as they settled down they gradually developed many industries which prove beyond doubt that the Vedic civilisation was fairly advanced.

In the Vedas we find the mention of many industries. Of course, there were no machines in the modern sense of the term. The motive power was also supplied by men and animals because the modern sources of power were unknown to Aryans. The industries were small and decentralised although in Kautilya's Arthashastra, Shukraniti and other scriptures we find references to government workshops which manufactured certain articles on a large scale. In the Vedas there are unmistakable evidences to prove that the Aryans knew the use of iron, steels, copper, gold and silver. In Rigveda the word Suchika meaning needle has been used. There is a prayer in this oldest Veda that the creatures which have stings like needles and have many arms some of which are invisible should be kept aloof from the people.¹ Here.

¹ ये अंस्या ये अंस्या सूचिका ये प्रकटता।
अदृष्टा किंचनेव ॥ तद्वे साक्ष निजस्यत ॥ रूप्लेघु ११६१७
the sting of the insect has been used to compare it with a needle which presupposes that the Aryans were familiar with it and knew how to make it. In the Atharvaveda also there is a mention of the creature having sharp fangs or stings like needles. In one Mantra it is said, "All the creatures having needle like mouth which fly about in the air are our enemies". At another place in the Rigveda again the women are advised to stitch the clothes with an unbreakable needle and give them to the warriors.

The works of later period are full of words meaning needle, razor, dagger, knife, arrow, spear etc. which were made of iron. The name of one of the Jataka tales is 'Needle Jataka' (Suchit Jataka) which describe in detail the procedure of making needles, axes, knives etc. of iron. The vendor of these articles used to go to the villages hawking requesting the people to buy the needles which were sharp, smooth, strong and having a beautiful eye. The same Jataka also describes that there were villages of blacksmiths where arms and many articles made of iron were manufactured. The Jataka also describes the extra ordinary skill of blacksmiths.

Some scholars of Natural History and Anthropology believe that the Aryans did not know the use of iron and the Mahabharat war, if it had occured at all, was fought with stone weapons. They argue that iron was discovered much later and Ayas mentioned by the Vedas was probably copper and not iron. Their arguments

1. अयोमुखः शूचिमुखः अयो विकंकनतिमुखः।
   कुशदायो वातरदहस आसजन्तव मित्रानु वच्येण त्रिसंधिना।। अध्यावेदः १११०३
2. सीर्यः स्वच्छः अच्छाधामानी।
   भद्रातू बीरं शतदाय मुम्बूम्।। ग्रामेदः—२३२४
3. अकबकसं अफळसं लारहोत सुपासिय।
   सुखुम् तिक्षिण्गांच को सूर्खि केतुमिश्रत्ति।।
   —सूपोजातकः कोशल्यान, मदन्त, आण्ड, अंक १, पृष्ठ ४३५।
4. तद्वैः, ४३५
are, however, falacious. The word *Lauh* has also been used in the Vedic literature which unmistakably means iron.

In the Shatpath Brahman which is one of the oldest works of Sanskrit of the Vedic period it is clearly written that needles of gold, silver, and iron were made by the people.¹

In the Vedas there are many words meaning razor, knife, scissors and many kinds of arms made of iron. In the Atharvveda it is written that the beared should be shaved with a razor after applying hot water.² In the same Veda the barber is asked that when he shaves the beared with a sharp and noisy razor he beautifies the face but he should be careful that no harm is done to the person he is shaving.³ These examples should rock the bottom out of the assumptions that the Aryans did not know the use of iron or the manufacture of fine articles made of iron. A close study of the Vedas makes it clear that many small scale industries to manufacture thousands of articles made of iron, wood, leather and other metals were scattered through out the country. In the post Vedic period which we can safely call the epic period these industries greatly developed and produced fine articles like cloth, arms, wares and ornaments etc. which were exported to most of the civilised countries of the world. The Indians specialised in the manufacture of various kinds of finest cloths of cotton (*Kapas*) wool (*Oon*) and some other fibres. They

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1. सूचीमि: कल्पनति || व्रम्य: सूचीमि मन्ति ||
   लोह मम्मो रज्जता हिरण्य: || शतुपथ ब्राह्मण—१३१२०२,३

2. आयगमन सविता श्रुतेण्योम वाय उदकेरेन्द्र: ||
   आदित्या हुद्दा वसव उददन: सचेतस: सोमस्य राजस्वपत चेतस: ||
   अदिति: हम्मु वपत्वाय उददन: वच सा ||
   चिकितस्तु प्रजा पतिदीर्घायुवाय चकसे || अयर्वेद—६१६७१,२

3. शुद्धुरेश मर्यायम शुलेज्जता वष्टा वपसि केशरमृधु ||
   शृं मुखं मा न आयु: प्रमोष्पी || अयर्वेद—६१२३१७
probably learnt to make silk from the Chinese. Some of the industries and arts of the Vedic and post-Vedic period can be listed below:

1. **Spinning and Weaving**:

   This was the most important industry and almost every village had the weavers and the spinners. In fact, it gradually became part time work of most of the households. Panini mentions many kinds of blankets produced in different corners of the country. He refers to Pravar a high quality of blanket used by the nobles. Another type of blankets was called Pandu Kambal which was probably a rug or a fine carpet used to cover the beds etc. Panini has mentioned the handloom which he calls Tantra. Different names were given to the textiles made in different kingdoms (Janapad). The product of Kashi, Mathura and Kashmir were very famous. In the Jataka also we read many kinds of textiles made by the people. The Aryans knew the art of colouring the cloths. Gradually there grew in the country a class of the people whose main occupation was dyeing. Panini calls this class as Rajak and names of many articles with which colours or dyes were made.

   In the Vedic text we find the names of many kinds of clothes worn by the Aryans. They used Tarpya which was probably something like a shirt and Dropee which resembled a long coat or cloak.

2. **Wood Work**:

   Patanjali in his Mahabashya of Ashtadhyayi writes that in every village five workers (Panch Karooki) were found. They were blacksmith, carpenter, barber, potter and washerman. Carpenters, were necessary for making and repairing the ploughs and other wooden implements of agriculture and they also made carts (Shatak), chariots and bows and arrows. Panini mentions two-
types of carpenters. Some of them worked at their houses and other worked at the houses or fields of their employers.

3. **Ceramics** :

There were artisans who made pots and pitchers as well as toys of clay, the pieces of which can still be seen in the museums of the country. The class of the society engaged in this industry was known as potters which was one of the five workers of the society. According to Panini another word for the potter was *Kulal*.

4. **Metal Work** :

Panini mentions many metals used for making pots and other articles like ornaments etc. Besides iron, metals like copper tin (*Trapu*) bronze (*Kansya*) gold and silver were also used to make metal articles. In the Shukraniti a complete list of artisans engaged in the manufacture of different kinds of metal work is given.

5. **Other Industries**

The word Shlip was used not only for industries but also for fine arts like dancing, singing etc. In the post Vedic literature a long list of industries is given. There were industries to produce sugar, gur and wine. The Aryans were very fond of alcoholic drinks, the production of which became a recognised industry in many parts of the country. In Panini’s Ashtadhyayi, Patanjali’s Mahabhashya, Katyayan’s Vartik and Kautilya’s Arthshastra a detailed description of making drinks is given. We read words like Madya (*Maya*), Sura, Mairiya etc. Kautilya even gives many methods of making them. In the Sabhaparva of the Mahabharat a graphic and vivid description of articles is given which were presented to King Yudhisthir on the eve of Rajyasuya Yajna.¹

¹. महाभारत — सचायाल । वेदव्यास (अध्याय ५१)
Industry

The Indians knew the use of sugarcane and prepared from it fine quality of Gur, Sugar and liquid sugar (Phanit raw). In fact Gur industry and sugar industry were common in the villages as is evident from Panini’s Ashtadhyayi. We find the names of many sweets also in the Vedic texts and the later scriptures. Modak, Apoop, Palal were very common and perhaps there were shops to sell these commodities in the local markets. Saktu seems to be a very popular food of the Aryans in the Vedic period and they prepared it in a number of ways. From the ground barley another preparation was made which has been called Yavagu. Although these things were generally prepared at home but their production and trade for the market cannot be ruled out.

Another industry which has been described at several places was oil-manufacture. Til seems to be the oldest oilseed because originally oil (Tel) was Til oil only. Gradually other kinds of oil were invented like mustard oil which has a very ancient origin and Ingudi oil.

The Mahabharat mentions makers of various kinds of arms and defence equipments. They made chariots, carts, arrows, spears, bows, armours etc.

**Guilds of the Artisans:**

A remarkable feature of economic life in ancient India was the organisation of the artisans into guilds. They were well knit organisations of the artisans employed in the same trade. It appears that during the Vedic period the society had already been divided into four Varna viz., Brahman, Kshatriya, Vaishya and Sudra but the further division of the four Varnas into castes was a later development. The castes in India developed from the guilds or the organisation of artisans engaged in the same trade.

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1. पाणिनिकालीन भारतवर्ष—ढाँडा बासुदेवशरण अय्यर, पृ १२४
Even now in our country the various castes have their specific occupations.

It is difficult to ascertain when guilds actually came into existence. Mac Donell and Keith have remarked, "The Vedic evidence is inadequate to afford ground for positive assertion or denial of their (guilds) existence or organisation in Vedic times". During the period of Brahmans and Sutras the guilds became popular and began to develop gradually. And with the passage of time the institution of guilds became formally established in the society in the form of caste system which persists even now. In the old Sanskrit texts we find many words of these guilds some of them are as follows: Kul, Poog, Nigam, Vrata, Sangh, Samudaya, Samuh, Parishad, Varg, Saniti, Shreni etc. Some of these words have been used in the Vedas also but they have been used in a different sense. According to Panini a Shreni is an organisation of the people engaged in a common craft or trade. Kautilya is more explicit when he defines a Shreni as a guild of workmen.

The Mahabharat speaks of guilds of Brahmans also. Panini says that Sangh is a general assembly of the people where as Poog, Vrata and Gan are different kinds of Sangh. Infact, different writers have used these words in different senses but they generally meant the organisations or guilds of workers of the same trade. The old Sanskrit text describes several types of guilds. In the Jatakas eighteen types of guilds have been described. According to Shri R.C. Majumdar in the post Vedic period there were atleast twenty seven kinds of guilds in the country. According to him not only the carpenters, black-smiths, weavers and potters were organised but even robbers and money lenders had their organisations. These guilds had their own rules for the members the violation of which was punishable. The ancient writers

2. वास्तुचिन्तामणि लासेकु श्रेणी प्रवृत्तिनि निकाया आवेषेह: । कौटिल्य २१४
3. Corporate Life in Ancient India—R. C. Majumdar, p. 89.
recommended that the guilds should not only be recognised as useful social, economic institutions but should also be encouraged. We wish to add that the guilds of the Vedic period were the ancestors of the present caste system of the society. Even in the Vedic period some of the thinkers recognised guilds as the very basis of Varna and caste. Manu finds no distinction between guilds and castes. He has prescribed rules for the guidance of the rulers to protect, recognise and support caste families. He prescribes that the King should carefully observe the customs of the caste, families and the place and only then he should pass his judgements. According to Narad the King should protect the interest of the guilds in his kingdom and forts.

Importance of Industries:

The ancient economists realised the value of the industries. Shukra prescribes that the expert artisans should be employed by the King and given due respect because if it is not done, this may bring disgrace to his name.

According to Manu there are certain things which are always pure. One of them is the hand of an artisan. The word Karuhasta in this Shloka is significant. It means the people who are engaged in manual labour. Panini uses the word Kari in the:

1. जाति जान पदानूयम श्रेणि धर्मांच्छ धर्माविलु ||
   समोक्ष कुलक्षमांच्छ स्वच्छम प्रतिपाद्येतु || मनुस्मृति ५।४१

2. पापण्ड नैगम श्रेणि पूर्ण ब्रात्वानादिवत ||
   संकोचत समयं राजा दुःख जनपदे तथा || नारदस्मृति १०।४२

3. तास्तर्वान्वेयं भृस्वान्दानानानं: चुनूभिताम ||
   हीयों भायलयं राजा शाक्ति चारिविदत || शुक्रनीति २१।२४

4. नित्यं शुद्धः: कार्तहुस्तं: पयो युक्तं प्रतारिलः ||
   ब्रहुचारितं भैरवं नित्यं नेप्षविन्दन स्थितं: || मनुस्मृति ५।१२६
same sense. Kautilya in his Arthashastra prefers this term for an artisan. In the Rigveda we find prayers for the protection of industries and removal of poverty.

Shukra rules that there should be registration of some of the artisans. According to him dealers in cattle, metals, poisons, liquors etc. should not be allowed to take to these trades without the specific permission of the King. There are certain references in the Vedas and other scriptures suggesting some arrangement of training in the handicrafts. The apprentices learnt the various arts from their ancestors or elder members of the guilds. At several places we find young people and apprentices being trained by skilled artisans. In one of the Jatakas there is a detailed description of young people learning crafts from the elder artisans.

In the Jatak at many places it is mentioned that Bodhisatwa and other princes learnt crafts at Taxila.

At several places the Kings have been asked to take care of the handicrafts of the country and help them by advancing to their artisans the loans, supply of raw material and buying of their

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1. सेनान्त लक्षण कार्यस्थल, Quoted by V.S. Agrawal in Panini Kalin Bharatvarsh, p. 220.
2. कार्यस्थल:—कोटिप्रय २१३६
3. अदो यहाँ पत्रवते सिंधो पारे अतुलकम्।
   तदा रमसव दुर्दृषो तेन गच्छ परस्तरस्।
   युधिष्ठिर १०१४५१३
4. मोहलाबोधब्ध महिषोत्तरां वैस्वारभवम्।
   रजत स्वर्णरतानाः माधकस्य विप्रस्य्च।
   कर्ष्य वाभिक्रमं बाभिमय संधानमेव।
   कय पवत्तान पत्र मृण निर्णयपत्रकम्।
   राजायाजविना नैवायम्: कार्य चित्तसतम्।
   महापापामिशायनं निधिग्रहणेव।
   शुक्लीति ११३०१, २३३
5. तिलमुड़ि जातक—नवम्म आयंद कोशल्यान, अंक २, धृ ६-७
6. मूढ पाणि जातक, अंक २, धृ ४६ तथा ब्रह्मवद्य जातक, अंक ३, धृ २४६
products. In the Mahabharat the sage Narad asks Yudhisthir to advance loans and materials at least for four months.¹ Shukra prescribes that utmost care should be taken while imposing taxes on the articles produced by the artisans. We have discussed taxation in detail in this work in Chapter V and a repetition is unnecessary. It is sufficient to point out that taxes on production were to be imposed after careful consideration of cost of production, cost of maintenance of the family and profit earned by the artisans. Shukra exempts the produce which is just sufficient for the family of the artisan.² The views of the Mahabharat in regard to taxation of industries have also been discussed in detail. Bhishma also urges Yudhisthir that a tax must be according to the profit of the producer and it must not damage the productive activity of the society.

Organisation of Industries:

It appears that most of the writers of ancient period favoured a State control over the industries and the economy of the country. They were certainly not in favour of laissez faire. That is why they wanted a control over the prices, wages and profits of the producers. The State did not own many industries and the writers recommended that agriculture should be left with the farmers and industries should be in the possession with the guilds. But Shukra rules that industries important from defence point of view should be organised by the State. Kautilya rules that not only the workshops manufacturing arms and war equipments should be in State ownership but all the articles needed by forces should be produced by the State. That is why, in Kautilya's Arthshastra we find that the King should appoint special officers to look after State farms, factories and forests.

Manu speaks of cooperative organisation of industries within the frame work of guilds. He says that the workers should make

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¹ महाभारत, समाप्ति ५११९ \n² शुक्लीति ४२३७
their own organisations and distribute the income among themselves on the basis of service rendered. In Kautilya’s Arthashastra this idea of cooperative production was further developed Kautilya has clearly written that the members of a guild should collectively undertake a specified piece of work or contract and divide the proceeds equally or according to the agreement. This is a very clear example of an industrial cooperative society.

1. सम्मूह स्वाति कर्माणि कुर्विमिदरिह मानबः।
   अनेन विधि योगेन कर्तव्याशं प्रकल्पना॥ सङ्कुल्यम् १२९॥

2. संभूतः सम्मूह समुत्पातारो वा पथासम्मापितं वेलनं
   सर्मं वा विम्बेषेऽर्व॥ कौटिल्य ३।७०।१४
CHAPTER IX

Trade and Commerce

Trade, both internal and external, began much earlier in India than elsewhere. The reason was that division of labour was the most outstanding characteristic of the Vedic society. Exchange and division of labour go together and one cannot exist without the other. The fourfold division of the society into Brahman, Kshatri, Sudra and Vaishya was the earliest form of division of labour which necessitated that the production of goods and services of one section of the society must be exchanged with those of the other sections. In the Rigveda the fourfold division of the society has been described as the eternal division. It is said that God created the Brahmans from His mouth, Kshatriyas from the arms, Vaishya from the stomach and Sudras from the feet. 1 This hymn is in fact symbolic. It means that the Brahmans by nature are devoted to learning, Kshatriyas with war and administration, Vaishyas to production of wealth symbolised by stomach or hunger and the Sudras are suitable serving the above three classes. In the Vedic society this division has been taken for granted and throughout the history of the Indian people this division has never been violated or seriously challenged. Only in the modern period there has been a feeling that this division of the society has outlived its utility and is not in conformity with the modern ideals of democracy, socialism and equality of man. In the Vedas we find a number of references which prove beyond doubt that trade and commerce was known to the ancient Aryans. In the Atharvveda

1. Rigveda—10/90/12.
there is a prayer addressed to Indra and Agni asking them to make trade safe for the traders by destroying the robbers and dangerous animals so that they may earn wealth.\footnote{1}

The Brahmins, Sutra, Smritis and Puranas are rich with references describing the foreign trade of the country with other developed nations. There are undiscusable evidences to prove that thousands of years before Christ, India had trade with Egypt, China, Jawa, Sumatra, Greece and the civilised nations of Asia and Europe. The relies of ancient India civilisation have been found in some countries of North, South and Central America. There are still the remmînecnt of Maya and Astîk Civilisations in Mexico and certain countries of South America and their customs, religions and way of life are remmînecnt of ancient Hindu civilisation.

Panini has used a large number of words and examples which give an idea of trade and commerce in the contemporary Hindu society. Naturally barter appeared much earlier than the money economy and Painini has used the word *Nîman* for the system of barter. According to him an article which is received in exchange is *Nîmeya* and a commodity which is given in exchange is called Nîman. Almost all articles and even services produced by the people were freely exchanged at the market places called Vipani. The marketable commodities have been called *Panya* and in the Sanskrit text we find a very large number of such articles ranging from common goods like salt, sugar, cloth, blanket, foodgrains to expensive commodities like ornaments precious stones, carts, chariots, boats and ships. The words like trade (*Vanîtya*), exchange (*Vînimay*) purchase and sale, market, (*Apana*) goods (*Panya*), etc. have been extensively used by the Sanskrit works of ancient

\footnote{1. इन्द्रमहं वणिज चोद्यामि स न ऐतु पुरागता नो अस्तु। नुद्वन्दराति परिपिन्नं मूर्तं स ईशानो धनदा अस्तु महाम॥ अष्टवंशि ३१३१४१५}
period.\textsuperscript{1} Panini calls trade and commerce as \textit{Vyavahar} which was a very comprehensive term covering not only all exchange but also litigation as discussed by Manu and Yajnavalkya. The traders were called \textit{Vanika} and \textit{Vaniya} which is the true ancestor of the present word \textit{Baniya} in our society. Panini distinguished between goods (\textit{Panya}) and Saleable goods (\textit{Kryya}).

Naturally in a society where \textit{Vaniya} or commerce was a regular feature the writers have expressed their views in detail. Trade was one of the earliest parts of Varta in importance only next to agriculture and cow rearing. According Shukra to agriculture specially done on the bank of the river is the best occupation, trade and the occupation of Vaishya come next and the work of the Sudra is the worst.\textsuperscript{2}

Bhishma in the Shantiparva considers the traders as the most valuable members of the society. We should remember, however, that the Vaishya community today is more devoted to trade and industry in the present times. In the Vedic period their main occupations were agriculture, cow rearing, trade and manufacturing industries. Infact, the Vaishyas conducted all activities of Varta. Obviously, without their services the society could never exist. Bhishma therefore, asks Yudhisthir to treat them well so that they may not leave the kingdom.\textsuperscript{3} He again asks the King to protect them, help them by giving money and necessary articles and to take care of their welfare.\textsuperscript{4} Bhishma is very emphatic in saying that the traders must get the reward of their labour because they

\begin{itemize}
\item \textsuperscript{1} पाणिनिकालीन मार्तवर्ष—वायुधेक शारण अग्रवाल, २० २२०
\item \textsuperscript{2} भृगस्तु चौकितो वृत्ति: योगिर्मातृकमात ।
\hspace{0.5cm} मध्यममेतेष्व वृत्तिस्व शुद्ध वृत्तिस्वाभासमा ॥ शुक्रनार्ति ३।२६४
\item \textsuperscript{3} उपेशिता हि न तथेयेपुराणिनीरण्यावासिनः ।
\hspace{0.5cm} तस्मान लेभु विशेषेण मूलामुर्त समाचरेत ॥ पाश्चिमव दृष्टिपर्व ८७०५६
\item \textsuperscript{4} तदेव, ८७१३७
\end{itemize}
alone promote the trade, industry and agriculture. He, therefore, rules that there should be light taxes on the traders and the King should see that they are allowed to move about in the society freely.

Weights and Measures:

Exchange presupposes measurement of the articles. According to Shukra there are four methods of measuring an article. Certain commodities are counted, others are measured by scale yard etc. (Man) and still others are weighed (Upaman) and the rest are measured by some container (Pariman). Shukra has given the following list of different weights:

1. Gunja = 1 Mas
2. 10 Mas = 1 Karsha
3. 10 Karsa = 1 Padarth
4. 10 Padarth = 1 Prith
5. 5 Arhak = 1 Prith
6. 8 Arhak = 1 Arman
7. 20 Arhak = 1 Khari

After giving this list Shukra adds that in different places different weights and measures are used. Arhak in this list is the famous

1. अजग्रगुप्तोक्तव्यं फलं गोमिश्य भारत ।
   प्रमाववतिर राष्ट्रः च व्यवहारं कृषि तथा ॥ शास्त्रपद्ध ५७७११६
2. तदैव, ५७११६, ७६
3. शुक्लीति २१३४३, ४४
4. गुप्तामालस्तया कर्ष्यं पदार्थं अस्त्र एवहि ।
   यथोरवर्धन मुण्डः पञ्च प्रस्तवम साधुका ॥
   तत्तथार्थानः प्रोक्तोहारमणस्तुविष्ठति ।
   सारिकामालस्तवते सदेवे देशे प्रमाणकम् ॥ शुक्लीति २१३७७, ७८
five seer weight (Dhari=Paseri). Arman is the maund (Maṅ). It is necessary to point out, however, that before the introduction of Metric system of weights and measures in 1957 maund and other weights of several kinds were prevalent in the country.

Panini uses the word Pariman for the commodities which are weight Praman for the articles which are sealed or measured. Patanjali in the Mahabhasya has used the word Unman for weights Praman for articles having length and width and for the measurement of solid three dimensioned commodities he has used the word Pariman.

In the old Sanskrit literature we find a large number of words meaning different weights and measures e.g. Drona, Payya, Arhak, Mas, Shand, Kansa, Shurpa, Manth, Khari, Gauni, Bhar etc. Although in different kingdoms they meant different things. we have inherited some traditions in weights and measures. Of course, the new metric system has replaced the old weights and measures.

Manu has given another list of weights which we are describing elsewhere in this work. It is sufficient to mention here that the smallest unit of weight according to Manu is Trisarenu and other units are Liksha, Rojsarap, Goursarap, Madhyā Yava, Krashnal, Subarna and Dharan etc.

Trade Routes and Transport:

The early writers realised the value and importance of trade routes and transport. In the Vedas there are references to various kinds of roads and vehicles. One is intrigued to read about aeroplanes mentioned in the Rigveda. In the Rigveda again at one place there is a mention of a chariot which could move about in

1. पाणिनि कालीन मार्गकथा—वाग्मयेव शरण अग्रवाल, १००, २३७
2. पतंजलि महामाध्यम — ५१२१६
3. अष्टविद—१००१०, ४१२६१२ हिन्दी
all the three Lokas.¹ According to some such a chariot must be mechanical and a supersonic aeroplane. At a different place in Rigveda there is a mention of a chariot without horses belonging to the twins, Ashwani Kumars. Again in the same Veda it is written that the chariot of the twins, Ashwani Kumars moves about like the mind of man.²

A few years ago, a manuscript was unearthed in Baroda. Its name is Yantra Sarvaswa written by Bharadwaj. It describes in detail the technique of manufacturing aeroplanes. The author claims that the book is based on the Vedas. In the same subjects namely ‘Viman Chandrika’, Viman Bindu, ‘kashyau Rahasya’ Vyomyan, Tantra, Vyomyanark Prakash etc. But none of the above books is available.

There are many scholars in the world and country who are convinced that the Aryans were familiar with the art and science of making and flying aeroplanes. In the Ramayan and Mahabharat and many Puranas aeroplanes are mentioned. However, we believe that it is always safer to be a sceptic in a subject like this. In the absence of scientific evidence we do not subscribe to the view that the Aryans were familiar with developed sciences like making and flying of space craft.

The Vedic and post Vedic texts mention various kinds of roads and vehicles also. They realised that the roads were necessary both for the defence of the country and the development of the economy. The Shukraniti devotes quite a few pages to the description of various kinds of roads which the rulers should construct and maintain. According to Shukra there should be a planned construction of the, city, roads, market and shops. In the

¹ ऋग्वेद ११.१४१.२
2 या वां रथो अविना स्येनपर्वम भुम्लीभ: स्वर्गायान्त्रि यात्रविश्रुः।
यो मर्त्यस्य मनसो जवीयानु धिष्णुरो वृषणा शातारंहा: ऋग्वेद ११.१५१.२
capital and cities land should be royal routes (Rajmarg) with
shops on both the sides. The ideal royal roads should be forty
five feet in width. The inferior royal roads should be thirry
feet wide. Besides royal roads, Shukra writes about roads,
streets and lanes of different kinds. In the villages and smaller
towns the width of roads should be fifteen feet and that of the
lanes (Veethi) 7.5 feet. The footpath (Patha) should be 4.5 feet
in width.

Panini writes about different kinds of roads like Devapath or
the road of the Gods. According to Kautilya Devapath is a high
road adjoining the walls of the fort for the movement of the
troops. The ancient Sanskrit texts describe the various trade routes
joining the different capitals of the kingdoms and the important
trade centres of the country. Panini talks of Uttarpah which
joined Pataliputra, Varanasi, Kaushambi (Kalpi of to-day), Saket,
Mathura, Takshashila etc. and other towns of Punjab, Afghanistan
and Iran. It was the most important route of the country and the
present Grand Trunk road is based on the old Uttarpah. Another
important road joined Pataliputra with Avantika (Ujjain). We
can still find the ruins of rest houses, water-points etc. by the side
of present Mirzapur road between Ujjain and Mirzapur.

Shukra writes that an ideal road is one which is hard and high
like the back of a turtle with ditches on both the sides so that rain

1. वलिकादि कहेणेब रजमारसय पार्नयो ।
   एवं हि पतम कुर्माशृङ्खल नराधियः ॥ शुक्नीति ११५५=।
2. राजमारसयु कर्क्षयाशृङ्खलु नुपुर्थाय ।
   उत्तमो राजमारसयु त्रिपदादसमिति मदेत ॥
   मध्यमो विशिंति करोदश पंच करोड़हः ।
   पण्डमारसयु बैतेपुर ग्रामादियुगुस्तता: ॥ शुक्नीति ११५६, ६०।
3. करणयातिमिक पयाध्यिषं पंचकचारिमिक ।
   मागो दशकर: प्रोक्तो ग्रामिसु नगरेशु च ॥ शुक्नीति ११६२।
4. उत्तरपश्चेषाहृतं च—अष्टाध्यायी ५.११७७।
water may not gather upon the road.¹ Shukra rules that the roads should be repaired every year with lime (Sharkara) and in the cities there should be houses on both the sides of roads.² The prisoners should be used in the construction of roads according to Shukra.³ He recommends the construction of rest houses (Panthshala) at important places along the trunk routes manned by watchmen or the keepers of the rest houses who should protect the lives and belonging of the travellers.

The Mahabharat also favours the construction of broad royal roads with shops and water-points.⁴ The writers rule that fruit trees should be planted on both the sides of the trunk roads so that the travellers may travel in the shade of the trees and may get fruits to eat during the journey.

The Vedas and the ole Sanskrit text write about water routes in the rivers and oceans. The Aryans were unquestionably familiar with the art of navigation and they built big and small boats and ships for transportation of man and merchandise. In fact, in the post Vedic period the rivers were the most common routes of transport and it was for this reason that almost all the big cities of the country were built along the banks of perennial rivers. We can find the names of many kinds of boats, rafis (Marat) etc. and certain books of Sanskrit are exclusively devoted to the methods of building boats and the art of navigation. In the Rigveda there is a mention of a boat with feathers⁵ but it is difficult to decipher such mysterious words and phrases.

1. उर्मिष्ठामाग्निकुमिकानि वाञ्चितायाम् सुसेतुकाः।
   वृक्षार्थार्थार्थार्थार्थार्थार्थार्थ जलस्य च।। शुक्लीति ११६५

2. तद्वेद ११६७

3. तद्वेद ११६८

4. विशालन राजमार्गावल्ल कार्यीत नराधिपः।
   प्रत्याय विपशालाेवै यथोद्धैं समाविषेत्।। शान्तिपर्वं ६६१५ ३

5. खुर्सेव ११६२१५
Markets:

According to the ancient writers it was the duty of the Kings to build markets and shops at suitable places in the capital, cities and villages. The writers were not at all in favour of free economy. According to Manu, Shukra Yajnavalkya and many others the prices of the commodities must be fixed by the Kings. Manu rules that the price of the commodity should be fixed after taking into consideration the cost of transport, storage, loss by depreciation etc.

The King should revise the prices of the commodities every fortnight. According to Yajnavalkya the traders must sell the commodities at the prices fixed by the Kings. They are entitled to a profit of 5% on the indigenous goods and 10% on the imported goods. He rules that the King should take into consideration the cost of production or procurement of the commodity incurred by the trader before the fixation of the price.

The Aryan writers made rules to check adulterations of the commodities. Manu rules that if any trader is found guilty of adulteration he should be severely punished by the King. Law giver Yajnavalkya prescribes a fine of 16 Pana for adulteration in medicine, oil, salt perfumes, foodgrains and sugar and a fine upto eight times the price of the commodity for adulteration in soil, leather, jewels, yarn, iron, wood, barks and textiles etc.

1. आरम्भ मित्री स्वाभाविक व्यक्तित्वात्।
विचारेण सर्बप्रभावान् कार्येतरण विज्ञायो। मनुस्मृति द०४०१

2. यात्रावस्था मृत्यु—निर्णायकार्दिक बंध प्रकरण ५५-५६

3. नाम्यद्रयेन संसूचमितम विक्रयमहत्।
न चारायां न च नूतनं न दूरेण तिरोहितम्। मनुस्मृति द०२०२

4. मेष्यस्तस्में तत्वण गंघ धातु संधाय दिशित।
पञ्चव्युपपक्षम हीः द्वारत्त्वस्तु योद्धश।
मृत्यमणि सूचायः फैजत्वलक लवाससाम्।
अजातो जातिकरणो विशेषाक्षणो दमः।
यात्रावस्था मृत्यु—निर्णायकार्दिक प्रकरण ४६,५०
to Manu the officials of the King should check the weights and measures every six months.¹

Manu rules that if a trader exports the commodities prohibited by the King his entire property should be confiscated.² Yajnavalkya also favours the confiscation of the merchandise of the trader if he sells the prohibited articles to the customers.³

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1. मनुस्मृति ५४०६
2. राज: प्रख्यात माण्डानि प्रतिपिठानि मानि च।

ताति निर्देहारसो लोमास्वेहारं हुरेन्तृप। मनुस्मृति ६१३५६।
3. व्यासिद्र राजयोगं च विशिष्टं राजगामि तत्तु।

याज्ञवल्क्य स्मृति—सम्भूय समुख्यान प्रकरण ६५
CHAPTER X

The Analytical Economic Ideas

We have pointed out earlier that in ancient times analytical economic ideas were few and far between. Most of the writers have dealt with economic problems in a normative and ethical manner. But certain thinkers have given certain analytical ideas and some of them are brilliant. We can define analytical ideas as those which express generalisations in economic activities or which show causal relation between two events. In a broader sense, however, the ideas defining the concepts or attempting logical division, classification or simple generalisations are also analytical in character. The reasons why we find few analytical ideas are not far to seek. Analysis is generally done by professional economists who are exclusively devoted to this science. In ancient India there was no separate science like Economics. Shri K.V.R. Ayangar has very aptly observed, "Arthshastra might, therefore, be regarded as occupying the same place in our ancient literature as a combination of Jurisprudence, politics and Economics, somewhat on the lines of European Kamerallism between Sixteenth and eighteenth Centuries".\(^1\)

At a time when Economics was mixed up with other sciences and the thinkers dealt with the problems of Economics in relation to other disciplines like Religion, Ethics, Jurisprudence, Politics etc. analysis of economic phenomenon is a difficult feet and yet some ideas are analytical generalisation which have been ignored not only by the western historians but also scholars in our country. There seems one more reason why there was very little development of analytical economics in ancient India. Economic laws

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\(^1\) Ancient Indian Economic Thought, K.V.R. Ayangar, p. 17.
operate under free economic conditions and in a controlled economy they do not operate freely. That is why economic theory has developed in those countries where state intervention and control was the minimum. In Britain during the period of Mercantilism all major economic activities were rigidly controlled by the State, therefore, the contemporary economists did not visualise the operation of the economic laws and analytical Economics could not be developed. During the classical period of Economics, there was almost no state intervention and economic system of the society was motivated by the economic forces. Obviously the economic laws worked freely and the economists of the classical tradition had an opportunity of observing them and making generalisations based on those observations. In a Socialist economy also there is little possibility of development of analytical Economics. For the obvious reason that consumption, production, price, wage and other things are under rigid government control. In ancient India also the Kings exercised control over import, export, wage, profit etc. In a controlled economy it is not the law of Economics which determines the price but it is the government policy which does so.

In this connection the names of Manu, Shukra and Kautilya deserve special attention. We have already given the definitions of concepts like Economics, wealth, money, arts and science etc. in Chapter II of this study and in this Chapter we shall examine some economic theories of ancient thinkers.

(1) *The Price Theory*:

The price theory, also known as theory of value, is the most important and at the same time the most complicated part of Economics. It is important because price is the lever and the motive power of the free economy and even in a controlled economy no success in the economic development is possible without manoeuvering the price-mechanism. It is complicated because even now there are problems in the price theory which are unsolved and questions that are unanswered. The price theory as explained by the western economists is of a recent origin. No
doubt, Aristotle tried to comprehend the mechanism of price but it eluded him. Certain gifted thinkers like John Locke, David Hume, Richard Cantillon, William Petty and Francois Quesnay tried to work out a theory of value and were successful in propounding a rudimentary theory of value. The credit of giving a somewhat satisfactory explanation of value goes to early classicists like Adam Smith, Ricardo, Malthus and J.S. Mill. Their conclusion was that the price of the commodity depends upon cost of production, although the demand for the commodity plays a part in determination of price. The Austrians went to the other extreme and declared that price depends upon utility. We do not wish to elaborate the utility analysis and the theories of Karl Menger, Wieser and Bohm Bawerk etc. We name them simply to show that the modern theory of value took more than three centuraries to arrive at the stage of development in which it now exists. It was the genius of Marshall who found a synthesis of the two contradictory explanations of the classicists and Austrians and tried to explain the modern theory in terms of demand and supply.

It is in this context that we wish to discuss Shukra's theory of value. According to him price is of two kinds. One is cost price which he calls Mulyak and the other is market price which he prefers to call Argh. It is needless to point out that David Hume and William Petty of the Mercantalist period have given more or less the same twofold division of value. Cantillon (1684-1724 A.D.), the greatest theorist before Adam Smith, writes, "The intrinsic value of metal is like everything else proportionate to the amount of labour that enters to their production and their market value like that of any other commodity, might very according to supply and demand".1

Shukra gives more or less the same idea. He says, "The price (Mulya) of the commodity is the cost incurred in its procurement.

The market price depends on its abundance or scarcity, its good or bad quality and also on the desire of the people to obtain it in big or small quantity.¹

The two Shlokas of Shukraniti deserve a more elaboration. He says that the Mulya which is the same thing as normal price of today depends upon the cost of procurement or production. The classical theory is mory or less the same. The Argh which is the samething as the market price depends upon the abundance or otherwise, in other words the volume of the supply of the commodity and its quality, which is the same thing as the utility of to-day, and the desire of the people called demand in the moden text books of Economics.

Shukra’s theory is precise and clear. It was, however, never elaborated by any commentator. Infact unlike Manusmriti no authentic commentary of Shukraniti is available. Therefore, no where we find a detailed analysis of Shukra’s idea of price determination in the market but one thing is clear that Shukra’s analysis is not very different from the classical theory of value. Unfortunately the later economists did not develop this idea and it remained in the form in which Shukra had left it.

Shukra believes that a thing which has no utility or which cannot be used by people can have no value.²

Panini’s Idea About Price:

Panini was not an economist but a grammarian and philologist but his analysis of the words some times reveals a deep

¹. येन व्यवेत संसिद्धस्त इयस्तस्तयं मूल्यम्।
   गुलमा गुलमवाच्चा गुणवगुण संस्थयं।
   मया कामात्तर्यं नामन धमरेऽकं मंदे।
   नहिँं मणिभावानं व्यक्तिमूल्यं प्रकर्ष्येत्॥ शुक्रनीति २।३४६,४६

². मूल्यम् गुणहीनस्थं व्यवहाराश्चस्तं च।
   नीच महोत्तमवं च सर्वस्मिन्मूल्यं कल्पने॥ शुक्रनीति ४।२६।
understanding of philosophy, economics and several other sciences. He has explained his theories of grammar with the help of examples which he has drawn from the contemporary environments and these examples are so rich and vivid in details that Ashtadhyayi is the greatest Sanskrit work which throws light on the conditions obtaining in India during the life time of Panini. Panini uses the word Mool for capital. Mool means cost of production or the capital invested in the production of a commodity. Price or Mulya depends upon the cost of production. According to Panini price is the cost of production plus the profit of the producer. According to Panini profit is the gain which is earned by the producer over and above the cost of production. In the modern sense also profit is the difference between the total revenue and total cost.

At a different place Panini remarks, “The price is equal to the cost of production”. Panini has not clarified his idea and his commentators also have not elaborated the point but two things are clear from this Sutra. In the first place, Panini suggests that price (Mulya) depends upon cost because both the words have the same origin and secondly, he points out that price (probably he means the long run price or normal price as we call to day), equals the cost of production. Of course, we do not imagine that Panini had any clear idea of the modern theory of value which also arrives at more or less on the same conclusion. According to the modern price theory which is largely based on classical theory of value it is believed that in the short period the market price is higher than the cost of production and a firm can earn a profit. In the long run, however, in a competitive economy the price has a tendency of becoming equal to the cost of production and Panini’s principle that price equals the cost is basically sound.

1. पटादीसां उत्पति कारण मूलं मूलयं हि समुं मूलयम्—(काशिका)
2. मूलेयं अनाम्यम्—अष्टदप्ख्यायिः ४१४६१.
3. मूलेयं समं मूलयम्—अष्टदप्ख्यायिः ४१४६१.
The objection may be raised that Panini in his Sutra\textsuperscript{1} uses the word \textit{Sam} which means similar and also equal, and here he seems to point out the similarity of two words and not two amounts. In our opinion Panini has drawn the examples from real life and the two words in his opinion will never mean the same thing unless they mean the same thing in real life. If the price is not equal to the cost of production they can never be similar in Panini’s opinion. Panini must have seen that the price of a commodity has a tendency of becoming equal to the cost of production and if the cost somehow increases the price follows to catch it. That is why Panini’s Sutra describes an economic law which is a normally an accepted principle of economic theory.

We wish to point out that the early classicists in the West did not distinguish between price of the commodity and the cost of production because they assumed that they are one and the same. Ricardo, for instance, believed that price of a commodity is equal to the labour spent in the production of the commodity and in his opinion labour spent on the production was the only ingredient of the cost of production. Panini was the greatest genius of his time and was gifted with an insight which could visualise the laws of nature governing the events around him. Unluckily his field of enquiry was not Economics but the world of language and grammar. If he had been an economist India would have been enriched by a complete set of economic laws.

2. \textit{State and the Price}:

Śukra writes that although the market price depends on cost, demand, supply and utility, sometimes fluctuations in the price of the commodity occur on account of the wickedness of the King. Shukra favours a reasonable price which is above the cost of production ensuring a margin of profit to the traders and producers. That is why he rules that the price of valuable commodities like jewels and metals should not be reduced but he also remarks

\textsuperscript{1}  सूलेन सम्म शूल्यम्—अष्टाध्यायी ४९४६१
that the King by his wickedness sometimes deliberately reduces their price.¹ At a different place Shukra remarks that the price of a jewel fluctuates due to the wickedness of the king.² It means that not only the reduction but also a rise in the price of jewels and other commodities is due to the dishonesty of the ruler.

According to Shukra the fluctuations in the market price take place not only on account of change in the cost, utility, demand and supply but also due to the manipulations of the King. In an economy where the ruler wields power and exercises the control over the economic activity, he can manoeuvre the price so as to exploit the workers, producers, traders and consumers. Shukra has not explained how this can happen. In the light of modern development of economic theory we can explain that this thing is quite possible by changing the volume of currency and credit and also by manoeuvring the tax structure.

Manu favours a stricter control over the price by the State. He has clearly written that at the price should be fixed after taking into consideration the import, export, distance and cost of transport, profit and loss.³ He further rules that the King should arrange inspection of the traders every five or fifteen days and revise the prices if necessary.⁴

Manu understood clearly the importance of a fair price in the society and he has recommended not only a controlled price but a

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¹ नहीं मणिवासुरां स्वचिनिमूलयं प्रक्कप्येत् ॥
   मूर्यहोनिन्तु चैति० राजदृष्टि वेन काव्यस्ते । शुक्लीति ॥ ॥

² नजरायाचि रतनश्रमि विद्रोह मौसिकानि जिना ।
   राजा दोट्याचि रतनानि मूलयं हीनभिकमस्म भवेत् । शुक्लीति ॥ ॥

³ आयांगि निलांगि स्वांतं तथा बुद्धि ध्याधुको ।
   विधायं स्वेप्वाणि कार्येक्विकत्रिकां ॥ मन्यु ॥ ॥

⁴ नवराचि नवराचि पर्यक्षरां संस्कर्ताय नृपः ॥ मन्यु ॥ ॥
rigorous punishment for violation of the market regulations. That is why the King should forbid the export of essential commodities from the country and if the traders smuggle the goods out of the country their entire property should be confiscated. It is interesting to note that now-a-days the government has passed legislation providing the confiscation of the property of smugglers.

3. Concept of Ideal Price:

Shukra favoured a stable and reasonable price line which assured a fair return to the producers, workers and traders and did not become burden some to the consumers. He says that price can be ideal (Uttam) tolerable (Madhyam) or unreasonable (Neech or Agham). An ideal price (Uttam Mulya) is one which is reasonable from the point of view of the producers, consumers as well as the State. If the price is that which does not even cover the cost of production, it is not ideal and such a price will greatly damage the production of the commodity in the long run. The worst price is that which does not even cover the cost of production. Shukra gives a list of the ideal prices of a large number of commodities and also points out that their prices should be in particular ratios. He says that a price of diamond weighing one Ratti should cost five gold coins (Swarna) and one gold coin should be equal to sixteen silver coins and one silver coin should be worth eighty copper pieces of the same weight. The ideal price of goat should be half that of a cow and the price of a sheep should be half that of a goat. In terms of money the cow should cost eight to ten silver pieces (Pali). The buffalo should be one and half times costlier. An excellent bullock should cost sixty silver pieces and so on.

1. राज्य प्रब्यात माण्डली प्रतिष्ठानी यानि यि
   तानि निहळरो लोमलांबलर हुरेन्नुम्: न मनुः यत् हिन्दू
2. नीचमध्योत्तममत्वं संबंधसिंमुख्य कल्पनेन यि शुक्लोनीति यत् हिन्दू
3. शुक्लोनीति—यत् हिन्दू
4. तद्भव—यत् हिन्दू
5. तद्भव—यत् हिन्दू
In this description the various prices are useful in a barter economy only although Shukra gives prices in terms of money also. In an ideal economy even if there is a change in the prices of a commodity there should be as little change as possible in the ratios of the various prices otherwise one section of the society gets an unearned income at the expense of other weaker sections. This is precisely what happens during an inflation or deflation in a community. Inflation in particular disturbs the equilibrium of distribution of wealth and income in the society. Of course, Shukra was not familiar with the modern development in the economic theory and the laws that govern the economic activities and yet he has hit upon the idea of a general equilibrium of the price system which is fair and reasonable from economic and ethical point of view.

4. Profit:

According to Panini profit is the difference between the price of the commodity and the cost of production.\(^1\) He says that profit arises from capital.\(^2\) It is needless to point out that it is the right definition of profit and this meaning is not only customery in the society it is also acceptable to the modern theorists like Clark, Knight, Schumpeter and many others.

Yajnavalkya recommends that price should be fixed by the King. However, this price can be raised by the traders in two manners that means there are two causes of excessive profit. According to Yajnavalkya one is when the traders organise themselves into what we call a cartel or Association in the modern terminology another method is hoarding or cornering of the

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1. पदार्थीनां उत्पत्ति कारण मूलम्।
   मूल्यं हि समुर्गं मूलम्। II काशिका

   Quoted by V.S. Agrawal in Panini Kalin Bharatvarsh p. 229.

2. मूलेन आनामयम्—अष्टाध्यायी—४१५१६।
commodity thus creating an artificial scarcity in the market.\(^1\) Yajnavalkya is quite explicit in his analysis. The modern theorists also believe that monopoly is the main cause of profit in the market. With the growth of an element of monopoly which means both a control over the price and the supply, the profit increases and as the competition gathers momentum the profit also begins to decline. Of course, Yajnavalkya has not distinguished between competition and monopoly but he has accurately pointed out how profit arises in the market. It is also necessary to mention that as an advocate of controlled economy Yajnavalkya has prescribed stiff penalties for charging prices higher than those prescribed by law.

It will not be out of place to mention here that Yajnavalkya favoured a price controlled by the King which permitted the trader 5% of profit on indigenous goods and 10% on imported goods. He is quite explicit in prescribing that a trader must not be allowed to sell a commodity at any rate that suits him.\(^2\)

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1. सम्भूम कुर्वतामथं सबां काजाधितिनाम्।
अर्थस्य ह्वात्स वृद्धि स जानति द्रम उत्तमः।
सम्भूम बाणिज्यं प्रथमते मोपस्यन्ताम्।
विक्रोणतो वा विलितो द्रण उत्तमसाहसः।

याजवल्क्य स्मृति—निरोजकादि द्रण प्रकरण—५३, ५४

2. राजानिस्माप्यते योधः प्रश्यहुं तेन विक्रणः।
खयो वा निलखस्तस्मादिवां लामकत्स्मूतः।
स्वदेश पणं तु शतं वणिमृद्ध्वीति परमकम्।
दशकं परेदशये तु यः सचि: खयं विक्रयी।

याजवल्क्य स्मृति—निरोजकादि प्रकरणम दलोक ५५, ५६ पृ १४४, ४४
CHAPTER XI

Other Economic Ideas

The ancient Indian writers have dealt with all aspects and problems of contemporary economic life of the society. We find their ideas and opinions on trade, commerce agriculture, animal husbandry, public finance etc. which have been discussed at appropriate places in this study. In this Chapter we are discussing their ideas on other economic matters.

Banking:

Banking in its broadest sense means an industry which produces the service we call credit. Borrowing and lending have been very old customs in India and in the Vedas also we find references to borrowing and lending of money and articles like food grain etc. The earliest form of this custom was borrowing of food grains and seeds for the purpose of consumption or cultivation. In the Atharvaveda there is a hymn in which the borrower says that by returning the borrowed food grain (Apamityo) he is setting himself free from the debt. Panini has defined Apamitya as that grain which is borrowed and returned in the same quantity after sometime.

It was Kautilya who discussed various types of loans of food etc. in Arthashastra. According to him exchange of one foodgrain for the other is called Parivartak and the foodgrain which is given as outright help and which is not returned is called Pramityak.

1. इत्परं सन्तः प्रतिद्वानम् एनाज्ञोवा जीवेन्यो नि घुराये एनात।
   अपमित्य एश्ववः यज्ञमाहिमं तद्मुख अनूष्ठो मवामि। अर्थवेद ए० ५८६४
2. तद्वेद्य प्रतिद्वानार्थमापमित्यकम्। अष्टाध्यायी २८०२
whereas, if it is returnable it is called as *Apamityak.* According to Panini such loan was returned in the same quantity, that is without interest. Shri Vachaspati Gairola in the commentary of *Arthashastra* remarks that *Apamityak* was returned with interest. It appears that there was no hard and fast rule about the quantity to be returned and it was a matter of agreement between the two parties concerned. It is significant to note that such food loans are still common in our country and if they are given for the purpose of consumption no interest is generally charged. However, if they are given for agricultural purposes in the form of seeds etc. interest too, in the most of the cases, is realised by the lender.

With the evolution of the society and development of economy loans in the form of money became common and gradually the institution of banking developed and a class of professional money lenders came into existence. In the earliest texts Varta comprised agriculture, cow protection and trade. In the later texts money lending which has been called *Kusid* was recognised as an integral part of the economic system. In the Vedas a word *Vasna* has been used which means capital or the amount of money which is invested in trade or commerce. Panini also analyses this concept. According to him Vasnik was a financer who invested capital and earned an interest. With the growth of economic system Kusid or money lending developed into a systematic industry with rules about borrowing, lending, security, interest, repayment and settlement of disputes etc. The ancient writers have written a lot about the various problems in regard to money lending.

The word Kusid literally means interest or the occupation which depends on interest. According to Panini Kusid literally means a high rate of interest or what we call today Usury. Panini distinguishes between a reasonable interest which he calls *Braddhi.*

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1. कौटिल्य अर्थशास्त्र २१५१४
2. पाणिनिकालीन मार्गत्वर्गं—२० वासुदेवशरण अग्रवाल, पृ० २३०
3. पाणिनि ५१५१७
and usurious rate of interest which according to him should be condemned. The prefix *Ku* in *Kusid* suggests the bad opinion of the writers. However, in the *Mahabharat*, *Manusmriti* and *Shukraniti* the word *Kusid* has been used as a normal part of *Varta*. Katyayan uses another word for high rate of interest which is *Vradhushi* and the money lender who charges a very high rate of interest has been called *Vardhushik*. It is very interesting to note that this word has been used by Yajnavalkya also. He says that there are certain actions which must be condemned e.g. teaching by a servant, adultery, marriage of a younger brother while the older brother is unmarried, charging excessive interest, making salt etc.

In the *Atharvveda* there are many prayers addressed to Agni, the fire God, to make the people free from the bonds of loans. They should be able to pay off all kinds of debts due to the Gods, ancestors and the worldly people. It is clear that the word debt means all kinds of debts including the loan of food and money.

**Controlling Rate of Interest:**

The ancient writers fully realised that *Kusid* or money lending was an integral part of economy or *Varta* but this could be misused to exploit the poor. Therefore, they framed rules for the protection of the borrowers. While they realised that money

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1. पाणिनि—४१४२०
2. पाणिनिकालिन महात्मार्थ—३० वासुदेवशरण अप्रवाल, पृ० २६७
3. भूताद्यक्षयनादानं भूताद्यक्षयमानं तथा ।
   पार्दार्यं पारिविन्स्यं बार्ष्यं लब्धि किया ॥
   याजवल्क्य स्मृति (प्रायदिच्छ प्रक्रण) ब्लोक ३५
4. इहेद सन्ति: प्रति दश एसजीवा अपेक्षयो निर्दशामदु ।
   अपमित्रि प्रार्थं धरणसहारिंदं तदवन्ते अनुषियो स्वामि ॥
   अनुषियो अरिह्मनीयम्: परहितमनु तृतीयं लोको अनूषिय: स्वामि ।
   श्लेष्वेदया: पिपुष्यावाच लोका: सर्वानु पथो अनूषिय आ शिष्येयु ॥
   अथव्यक्तं ६१२१२१३२३
lender has a right to charge interest and recover the principal, they insisted that the rate of interest must be reasonable. Manu prescribes that the total interest must not be more than double the principal sum and the interest on food grain etc. should not be more than five times.\textsuperscript{1} Although this can be interpreted in a number of ways. Manu’s idea seems to be clear. He says that if the money lender has advanced one hundred rupees the maximum amount of interest which can be charged is two hundred rupees and the total quantity of food grain which can be charged by way of interest should not be more than five times. Yajnavalkya recommends that if the money lender recovers double the amount he has advanced he should return the security to be borrower.\textsuperscript{2} This is the celebrated principle of Damadupat elaborated in the Mitakshara commentary.

Shukra also sets a limit to maximum total amount of interest which can be charged by the money lender. He says, “If the money lender has recovered interest amounting to four times the principle by foul means, the borrower should pay him nothing more.”\textsuperscript{3} Although the idea of Shukra is not very clear and no reliable commentary on his text is available it is difficult to understand what Shukra exactly means by it. His idea seems to be that if the money lender has recovered the principal and four times of the amount of principal by way of interest it should be assumed that the borrower has returned the total amount due to him and the account has been closed. Shukra’s limit is, however, much higher than that set by Manu and Yajnavalkya. It should be pointed out that these limits prescribed by these writers are for the

\textsuperscript{1} कृतदेश स्वयं नालिति सक्रदाहूता।
शाये सदे लवे नाणातिकामति पंचतामु। मनुस्मृति १४५.१

\textsuperscript{2} यदा तु द्रिगमण्डूत मृणामायो तदा खलु।
मोच्य आधिस्तुत्तपने प्रविच्छेदिमणूने दने।

याज्ञवल्क्य स्मृति (उपनिषि प्रकरण) दलोक ६५

\textsuperscript{3} हस्तानीति ३।१६५
guidance of the courts. In actual practice in the society there has not been any limit to the rate of interest and the total amount charged by the money lenders. However, these are the maximum limits prescribed by the ancient thinkers. According to Yajnavalkya an ideal rate of interest is one rupee on every eighty rupees per month that comes to 1.25% per month or 15% per annum. But it seems that this rate is probably for secured loans. According to Yajnavalkya the rates of unsecured loans should be 20% for the Brahmans, 3% for Kshatriyas, 4% for the Vaishyas and 5% for Sudras.\textsuperscript{1} Manu is of the opinion that according to sage Vashisth 1.5% per month is the most ideal rate of interest which he also approves.\textsuperscript{2} Manu recommends 2% rate of interest probably for unsecured loans and like Yajnavalkya he also recommends that the money lender should charge interest 2% from the Brahmans, 3% from the Kshatriyas, 4% from the Vaishyas and 5% from the Sudras.\textsuperscript{3} There are many points which have not been clarified either by Manu or Yajnavalkya. According to Govind Raj and Medha Atithi Manu recommends 1.25% as the minimum rate of interest chargeable from a Brahman while 2% is the maximum rate permissible. However, according to Mitakshara commentary of Yajnavalkya 1.25% is the rate for secured loans in which some valuable articles have been pawned or pledged and for unsecured loans 2% is the ideal rate chargeable from the Brahmans. For the secured loans the rates prescribed for Kshatriyas should be 1.87% and the rate for Vaishyas 2.5% and

\textsuperscript{1} अशोकतिमानों वृद्धि स्मृतिमानीवं भाष्य कममयमयः।

\textsuperscript{2} वर्णाभिषेकं विद्विदं प्रकरणं।

\textsuperscript{3} याज्ञवल्क्य स्मृतिः (क्रृष्णदान प्रकरण) भ्लेक-१८
that for Sudras 3.12%. Although different commentaries on Manu and Yajnavalkya have given different interpretations but the above rates appear to be based on the rates prescribed by them. According to the custom prevailing in our society even now there are different rates for secured and unsecured loans, the latter being somewhat higher than the rates secured loans.

The ancient writers have also recommended that the State should advance loans to the farmers at a very low rate of interest. In the Mahabharat the sage Narad advises Yudhisthir to advance loans for the development of agriculture and the rate of interest prescribed by him is 1% per month. He also asks him to supply raw materials to the artisans for a period of at least four months.

The Rules of Money Lending:

The ancient writers have discussed in detail the various problems of borrowing and lending. Shukra has described various kinds of loans. According to him the wealth belonging to other people can be of three types. One is that which has been entrusted with others for safe custody which should be called Aupanidhyya. The other is the wealth borrowed for personal use. Shukra calls it Yajjtrak. Finally, the loan which is given by one party to the other on which interest is charged has been called Auttamarnik.

Manu has described at length the rules regarding pledging and personal and collateral security. He says that if the money lender uses the property pledged by the borrower against the loan borrowed by him he (lender) is not entitled to any interest. Manu is of the opinion that the commodity pledged by the borrower as security remains his property and it should be returned to him although he has given certain exceptions also. There seems to be

1. महामार्ग समाप्ति ५१२६
2. त मोक्तज्यो बनादारिशिवृण्णानो वृद्धिमुद्गुजेतु ।
   मूल्येन न्योधेच्छन्नमाधिश्लेषोज्यया मभेतु ।। मनुस्मृति ५१४४
- Other Economic Ideas

a contradiction in Manu’s views because at a different place Manu rules that the money lender is entitled to half of the interest agreed upon if he uses the article pledged with him.¹ Perhaps he means to say that these are certain income yielding articles like land, cow, bullocks etc. and if they are used by the money lenders they should not charge any interest. However, if the money lenders use the articles like ornaments, they may charge half of the interest agreed upon. Then there are rules about the repayment of loans. Manu is of the opinion that if the borrower is unable to repay the debt, he should be given the facility of repaying it in easy instalments and if he belongs to a low caste he should work in the field or house of the money lender.² It will not be out of place to mention that this practice is still prevalent in our country and it has given rise to the obnoxious custom of bonded labour which has been abolished recently by legislation of the Indian government.

Manu also prescribed rules about wealth entrusted for safe custody. According to him they are of two kinds. One is Nikshep which is generally kept in a sealed cover and the other is Upnidhi which is in the form of currency or jewellery without any cover. It is difficult to say about the charges concerning Nikshep and Upnidhi but one thing is clear that a rudimentary form of locker services provided by the modern banks existed in ancient times.

Principles of Banking:

We find a lot of information about money lending which gradually developed into an organised banking business (Kusid) in our society. On the basis of that information we can formulate certain principles of banking which the early ancient writers had in their minds.

(A) Righteousness:

This is the guiding principle of all the writers of the early

¹ मनुमृति नां०१५०
² लदै, नां०१७७
period. They have repeatedly prescribed that banking must be fair and there must not be any dishonesty and cheating. It is why they have condemned the money lenders who resort to dishonest practices. It is the duty of the King to see that the money lenders do not cheat the borrowers. Manu has prescribed severe penalties for cheating etc. The borrowers should also return the principal together with interest and if they are unable to pay off the loans during their life times their successors should repay the debt.

(B) Safety:

Another principle of banking has been prescribed by Shukra which in modern terminology can be called the principle of safety. He says, “Loans must not be advanced to the people from whom recovery is doubtful. He advises that in money matters one should be frank and straightforward.” Shukra is very particular about keeping the capital intact. We have discussed in an earlier chapter that the King should also take care that the tax does not damage the capital of the traders, farmers or the industrialists. In the same way in banking also he considers it of utmost importance. For the safety of the principal Shukra like Manu and Yajnavalkya rules that money should be advanced only to reliable people and it should be advanced after necessary documents have been signed by the borrower, surety and witnesses. He makes a very suitable observation when he says that at the time of giving money it creates a friend and at the time of recovery it creates an enemy.

(C) Reasonable Interest:

This is another cardinal principle of banking. Almost all the ancient writers are in favour of a low rate of interest and they have prescribed rates which should be charged from different parts.

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1. मनुस्मृति ३१२१३
2. नदयाद बृंद लोभेन नस्तं मूलं धनं मवेतु।
   आहृरेव व्यवहारे च व्यक्ति लग्जः सुखी मवेतु॥ शुक्नीति ३१५६
3. तद्दश, ३१६५।
4. धनं मौनीकरं दाने चादाने मनुकारकम्॥ शुक्नीति ३१६७
Although we have discussed this thing earlier in this Chapter yet it is necessary to point out here that by prescribing different rates chargeable from Brahmans, Kshatriyas, Vaishyas and Sudras. Both Manu and Yajnavalkya have recommended a banking system which is neither reasonable nor economically viable. It is unreasonable because the Sudras who are the weakest and poorest members of the society have to pay the maximum rate of interest and this rule must have reduced these people to virtual slavery. This system is also uneconomical as the capital is likely to flow to the Sudras in maximum quantity and the other sections of the society will be starved of credit. The question is that who would like to advance loans to Brahmans when they give interest only at 2% while a Sudra is prepared to pay 5% interest.

(D) Profitability:

There was a saying in the ancient society that wealth should be used in making more wealth just as an elephant is trapped with the help of other elephants. Shukra has very aptly observed that a person who desires to amass wealth or wisdom should be careful about every moment, and every particle. Shukra rules that the people should make utmost efforts to make money by money lending, business, art or other honest means.

(E) Principle of Saving:

Saving and money lending both go together and one cannot exist without the other. Almost all the writers of early period have advised the rulers and the society to save money. Shukra, for example, says that one should consider that he will live for hundred years, therefore, he should save money and accumulate learning so that he may be happy. Shukra is opposed to lavishness and extravagant charity.

1. तत्त्वाज्योभू कश्चकणो नित्यं विद्वाध्यनाविना। शृङ्गीति ३११३१
2. कौशोध बुद्ध्या परमेन कलामिश्रं प्रतिग्रहं। शृङ्गीति ३११७५
3. शृङ्गीति ३११७५
Currency:

India was the first country in the world which began the use of coins made of metals. The evolution of monetary economy can be explained in the context of Indian History in the best possible manner. Exchange began in India as elsewhere with barter economy. In the old Sanskrit text barter was called Niman. According to Panini the commodity which is given is Niman and the commodity which is received is called Nimaya. This custom continued for many centuries and has not totally disappeared. Gradually certain commodities were found easier to exchange and they began to be used as a medium of exchange and that was the beginning of money economy in the country. In the Vedic period cow was perhaps the earliest unit of money. In the Rigveda at one place it is remarked that a person is not prepared to exchange Indra for a hundred or a thousand cows. During the period of Panini many other articles were used as commodity money. One was a piece of cloth (Vasan). A commodity obtained by giving a piece of cloth has been called Vasan and an article exchanged for cows tail (Gaupuchchhi) has been called Gaupuchchhik. According to Vasudeo Sharan Agrawal cow’s tail here means a cow and not the tail of cow. His idea seems to be correct because in our villages Puchchhi is the tax which is imposed on every tail of cattle. In the West the tax etc. is calculated on every head of cattle while in our country it is calculated on every tail of cattle. Besides cloth and cow, food grains began to be used as a medium of exchange and very soon the country began the use of the gold, silver and copper to make currency.

In the Vedas we find the word Nishk mentioned at several places. In the Rigveda Nishk was a gold ornament worn around

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1. पाणिनिकालीन मारतवर्धन—वामुदेवशश्रण अग्रवाल, पृ २३५
2. श्यामेन त्वामात्रिकः परा शुल्काय देयाम्।
   न सहस्राय न मुल्लाय वच्चििो न शताय शतामाय।। शुष्केद्र ४१० ी।।
3. पाणिनिकालीन मारतवर्धन—वामुदेवशश्रण अग्रवाल, पृ २३५
the neck. But at other places Nishk has been mentioned as a coin or unit of currency. In the Brahmans also Nishk has been mentioned both as a coin as well as a gold ornament.

In the Mahabharat at several places Nishk has been mentioned as an ornament and as a coin. At one place it is written that it was worn around the neck and the pendant appeared on the chest. Perhaps Nishk was basically a gold coin also used as an ornament. Even today we find the village ladies sporting necklesses made of gold or silver coins now and then. We not only find the words like Nishk, Suwarna, Shatman, Karshapan etc. in the Vedic and post Vedic Sanskrit texts but thousands of such coins have been unearthed and are available in the various museums of the country. It has been proved now that gold and silver coins were in circulation in India at least in the 7th Century B.C. A study of currency in India before Christ can be a very interesting work of research with which we are not directly concerned. The ancient writers have prescribed rules for the weight and measures etc. of the coins of various denominations. Manu has worked out a complete system of currency in the country. He says that the smallest unit of weight is a particle, he prefers to call Trasurenu. The bigger denominations prescribed by him can be explained with the help of following table:

| 8 Trasurinu | = | 1 Liksha |
| 3 Liksha | = | 1 Rajsarsap |
| 3 Rajsarsap | = | 1 Gaursarsap |

1. भृगुवंश ५.१६१३
2. तदेव, १.१२६१५
3. शतपथ ब्राह्मण १३।१४।१४६
4. उरसा घारयु निष्क माशिमालां यथाचलः। मो माप्रोपवर्त १७५१५।
5. लोक संवाहितर्व ता: सजा प्रवित्त मुचि।
   तात्त्राहृत्य मुष्टियां ता: प्रवेशास्माशेषकतः।
   जलान्तरगतेः मानी यथेऽत्तृत्तम दृष्टे रजः।
   प्रथम्य तत्प्रभागाणां बसंतार्दृष्ट चक्ष्ये च। मनुस्मृति ५.१३१४, ३२
6 Gaursarsap = 1 Medium grain of barley
(Madhya yav)
3 Madhya Yava = 1 Krashnal or Ratti
5 Krashnal = 1 Masa
6 Masa = 1 Suwarna
4 Suwarna = 1 Pal
10 Pals = 1 Dharan

Manu gives another table of various measures or weights as follows:

2 Krashnal = 1 Raupysamasak
16 Raupysamasak = 1 Raupysadharan also called
Rajat or Puran
10 Raupysadharan = 1 Shatman

Manu's list describes not the coins alone but also the weights.
Infact some of the coins of ancient times were also used as weights
and this practice has not totally disappeared even to-day e.g. the
rupee coin is still used as a weight of Tola. Infact the word Tola
itself has been derived from Tolana meaning weighing.
Dr. Achyutanand Ghildiyal in his book "Prachin Bhartiya Arthik
Vicharak" mentions that Trasurenu was the smallest coin pre scrib-
ed by Manu. However, his view seems somewhat mistaken
because Trasurenu means a particle and it was the smallest unit of
weight according to Manu. In the same way Liksha, Sarsap and
Krashnal were also the units of weight. Later on small coins
weighing Krashnal, Masa and Suwarna were made and the units
of weight began to be used as coins also. In Taittireya Brahman
it is mentioned at a place that in the Yajya Brahmans were given
gold weighing one Krashnal² and that piece of gold was also called
a gold Krashnal. In the same way in Ashtadhyayi Suwarnat Masak
has been used which also means a piece or coin of gold weighing

1. प्राचीन भारतीय आर्थिक विचारक—डॉ अच्युतानंद घिल्दियाल, पृ ६५
2. तैत्तिरीय ब्राह्मण—१३१६१७
one Masak or Masa. This point is best explained by Shukra when he says, "Gold used for exchange is a unit of currency and the same gold when bought and sold becomes a commodity."  

Although the various coins described by Manu have also been mentioned by the authors of the Mahabharat, Puranas and other Sanskrit texts yet the weight and measures have never been uniform. Panini and his greatest commentators Katyayan and Patanjali have mentioned many other coins besides these e.g. Pad Karshapan or the fourth part of a Karshapan, Kakani which has been mentioned in Jatak and Katyayan's Vārtik was a small copper coin like a piece or something like that. It is necessary to point out here that the most prominent Indian coin was the silver Karshapan which was later on called Rupyah or rupee of to-day. It was the real ancestor of the present rupee coin which derived its early name on account of the figure (Roop) engraved on its face.

According to Shukra a Pan is a copper coin weighing ten Masa and Karshapan is worth 150 shells or Varati. At a different place Shukra says that Nishk is a gold coin weighing four Masa of pure gold.

Shukra recommends a sort of multi-metalism where gold, silver and copper coins circulate side by side. In Ashtadhyayi one more coin Vinishatik has been mentioned. It is difficult to find out its exact weight and denomination because it has not been mentioned at many places in the Sanskrit works. According to Dr. Vasudeo Sharan Agrawal it was a Karshapan weighing

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1. अष्टाद्यायी—५१०२०
2. व्यवहारे जापितुः स्वरूपविवृत्त तामिलया।
   कारणादि समयोगाल्पदार्थस्तु मयेद भूति।। मुकनीति २।३४७
3. दशमान्तित्मं तास्रं तत्प्यो राज युग्मितम्।
   बराति साधु गतं मूलं कार्यापणश्च सः।। मुकनीति ४।१२३
4. चातुर्यांशितं स्वर्ग निष्क इत्यभिभिष्यते।। मुकनीति ४२।१४
20 Masas that is why it was called Vinshatik. He says that in Panini’s time there were two types of Karshapans—one weighing 16 Masas and the other 20 Masas. We wish to point out that in ancient India there were many States each minting and circulating its own coins having weights and denominations of its own choice. There was seldom a central authority to control and manage the currency. The gold and silver currency consisted of standard coins which freely moved from one kingdom to the other kingdom and their purchasing powers depended on the quantity of pure metals in them. This custom continued right upto the Moghul period. The British Government was the first to appoint a central authority to mint and control the currency of a definite specification.

In ancient times there was no definite rule about weight, size and shape of the coins which circulated in different kingdoms of the country. During the history of the country these coins were changed a number of times and even the writers in ancient India have given different views about the coins and currency system. Kautilya has tried to systematise the currency system and discussed in detail the different kinds of coins which should circulate in the country and also the method of minting them and preventing their debasement by the public. It is significant to note that gold coins were the first to come into existence in our country. Copper and silver coins appeared much later. It was perhaps on account of the fact that gold was comparatively more easily available than silver and copper and the traders also obtained it from outside in exchange of the goods exported to other countries.

In the Mahabharat we find the words like Nishk, Pan, Karshapan etc. at many places but the writers of the Mahabharat have not discussed in detail their views about the minting and controlling the currency system. Infact, the thinkers of the Mahabharat have discussed the broad principles of the socio-economic system.

1. पाणिनिकालीन भारतवर्ष —बा० वासुदेवशरण अग्रवाल, पृ० २६०
of the country and they have not gone into the details like particular taxes, rates of interest, prices of the commodities, weights of the coins etc.

Labour:

No thinker in the world has given a more minute analysis of the Action (Karm) than the Indians. The philosophy of Karma-yoga which preaches the realisation of self through action is the theme of Bhagwat Gita which is one of the most prominent scriptures of the Hindus. It teaches that an ordinary action or physical or mental labour can be converted into a means of realisation of truth which is the ultimate Purusharth of the people according to the Vedas.

We are, however, concerned with labour or more precisely employed labour and the views of ancient Indian economists in regard to the labour problems in the past. In a broad sense labour means any physical or mental activity employed in the production of wealth. However, in a restricted sense labour means a physical or mental activity employed by the employers for remuneration, we call wage. Here we examine the views of ancient writers about this type of labour. Employed labour in India was as old as the production itself. In the Vedas we find references to employed labour in agriculture, cow rearing and in the various industries that gradually developed in the society. Besides them, labour was also employed by the Kings, nobles and rich merchants in the society. Labour for the various purposes was recruited from among the Vaishyas and the Sudras. The Brahmans were not under any obligation to do any manual work although in the State services they were employed in various capacities. However, this condition did not last very long. The Brahmans and the Kshatriyas had to do many kinds of physical labour to support themselves. In the Jatakas we read that Bodhisatwa had to work in the fields.¹ The Jatakas describe various kinds of wage earners.

¹. कुम्भसिंह जातक—तृतीय ४०६
In the Vedic society besides agriculture and animal husbandry, a number of industries, big or small, sprang up, which provided employment to the peop'e. Some of the industries were so big that they could employ hundreds of workers at a time. In the Vedas ship building developed as a large scale industry.\(^1\) Besides ships, small boats were also made. We have discussed the various manufacturing industries in an earlier chapter and it is unnecessary to repeat them here.

Wage:

In the old Sanskrit text we find two words for wage. One is *Bhrati* and the other is *Vetan*. Although some writers distinguished between the two terms but in the most of the places they have been used alternatively. According to Panini Bhrati is the wage of unskilled workers\(^2\) A Bhratya was not familiar with any *Shilp*. On the other hand the skilled workers, who were called *Shilpi* or *Kari* were given *Vetan*. This distinction exists even to-day to some extent. In a restricted sense wage and salary are the remunerations of the physical and mental workers. Shukra uses the word Bhrati in a more comprehensive sense and this term covers the workers employed by farmers, industrialists, Kings and nobles alike. Workers received their wages in cash or kind and in most of the cases they were given food (*Bhakta*) besides cash wages. This word Bhakta is the true ancestor of *Bhatta*.

Shukra gives a very minute description of labour problems in general and wage in particular. According to him wages can be of three types. One is the piece wage (*Karyamana*) which is based on the quantity of work done by the workers. Shukra has defined it as the amount paid to a labourer for carrying a load to a particular place.\(^3\) Another kind of wage is time-wage which Shukra

\(^1\) शत अरिष्टानां नावे ध्यतिश्वायनसू | कृर्घेद १९२१५
\(^2\) कम्पनी मूली कर्म करोतिति कर्मकर: | अष्टाध्यायी ६२२२
\(^3\) अयं भारत्त्वचालति स्थाय्यस्वेतावती भूलिः |

dास्यामि कार्यमाना साक्षितितात्विन्दिवेष के: | शुक्लीनि २९१६
Other Economic Ideas

-calls *Kalika*. It is based on the period of service rendered by the workers. Finally, a wage can be based on the amount of work and the period of the work of the workers. Shukra names it *Kalmita*. It is needless to point out that in the present labour Economics these three are still the chief methods of wage payment. In recent years Kalmita or a method which combines both time and piece factors, has become very popular because it preserves the advantages of the two methods and has been found very useful in giving incentive to the workers to work harder.

Shukra gives another classification of wage. According to him the best wage (*Uttam*) is that which supports the family of the workers in reasonable comforts. In the modern terminology we call it a living wage. Secondly, a wage can be medium (*Madhyam*) which just supports the worker and his family, we can call it a minimum wage although there appears to be some difference between the two terms. Finally a wage is the worst (*Hein*) which can support only the worker and not his family. This is probably the subsistence wage described by the Classicists like Malthus and Ricardo.

According to Shukra the payment of wage should be calculated from the lunar month beginning from Amavasya while calculation of interest and agricultural payments should be based on appearance of moon. Shukra also rules that if a servant while doing his duty damages 1/64th part of the commodity he should be foregiven and no punishment should be given.

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1. तद्रेख, २१३६७
2. अब्धश्य प्रोष्ण मरणा मृति मध्या प्रकृतिता ||
   परिपोष्ण मृति: श्रेष्ठ समानाच्छादनाध्यतका ||
   भवेतेक्ष्य मरणं यथासाहीन संज्ञिका || शुक्लनीति २१३८६, ६०
3. मृतिदाने सदासीौं चब्रेः कृषीद वृद्धिशु ||
   कल्पयेत्तावने नियं दिन भूत्वेवपहोवद || शुक्लनीति २१३८४
4. चतु: प्रवस्तिमांश तत्त्वाचिति शमयेदयः ||
   सवधम्न नीति वल्बास्तेन मैत्री प्रधारयेदुः || शुक्लनीति ३१०
has been discussed by the Mahabharat also. Bhishma tells Yudhisthir that a Vaishya who looks after the cows of the King is entitled to get the milk of one cow for every six cows he takes care of and if he looks after one hundred cows he should be given one pair of cows as his wage. He further says that the Vaishya should get 1/7th of the sale proceeds by selling milk and other animal proceeds. In the same way a Vaishya is entitled to get 1/7th part of the farm product which he raises as a farm labourer.¹

Shukra prescribes that the wage should be based on the efficiency of the workers.² He favours a high wage for the workers because he says that workers getting low wages can be easily exploited by the enemy and are potential dangers to the King and State.³ However, Shukra is not in favour of giving high wage to the Sudras. He says that their wages should be just sufficient for their food or clothing or bare necessaries. If they get more they will spend their income on meat and drink etc. and the person who gives them high wages will be a party to this sinful life.⁴ It is why most of the scholars of ancient times were in favour of state control over the wages. This was to prevent the sweating of labour by employers and also to check excessive charges by the workers. Some of the thinkers have even prescribed the wage rates. Manu, for instance, rules that a menial servant doing odd jobs like cleaning the house, drawing water etc. should be given one Pun every day as the cash wage and a set of clothes every six months and one Dron which was equivalent to four Arhak or about eight or nine seers of foodgrain every month. A skilled

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1. प्रभुमेकां पिने० देश० गताच्च मिश्रुन्त हरेद्र ||
   तत्त्वाच्च सप्तमं माणं तया श्रृङ्ग ने कला खुरे इँ
   सप्तानां सर्वशीर्षाणामेव सावस्वरो मूः || शास्तिपर्व ६०१२५,२६

2. शुक्रनीति २१३६१

3. तदेव २१३६४

4. अन्तर्भाषादनमााशाहि मूः: शुद्रादिपु समूहा ||
   तत्त्वापावस्थाया स्यात्तोष्को मांस भोजिनु || शुक्रनीति २१३६४
worker, according to Manu, should be given six Pan besides the usual benefits.¹

It is necessary to point out here that the thinkers of the Vedic and post Vedic period, were never reasonable to the Sudras. They condemned them to do the heaviest and dirtiest jobs and to serve the so-called superior castes and by prescribing lower wages to them, they subjected them to eternal poverty. Manu and Yajnavalkya even prescribe higher rates of interest to be paid by the Sudras.² The Sudras were to be given more severe punishment than the other castes for the same offence. Bhishma also teaches that a Sudra should not collect money because that will induce him to lead a sinful life.³ He urges the Dwijas i.e. Brahmans, Kshatriyas and Vaishyas to support the Sudras and give them the used up clothes, shoes, umbrellas etc. because from religious point of view these articles belong to the Sudras.⁴ It is needless to point out that this custom is still prevalent in our society. Bhishma rules that a Sudra can have no property of his own.⁵ The idea is that a Sudra is condemned to eternal slavery of the higher caste and to support himself with the used up articles discarded by higher castes. According to Manu the Brahmins should give used up clothes, beds and rejected food (Uchchista) to the Sudras. He also recommends that a Sudra should not be allowed to collect

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1. पणो देयोव्वक्तस्य पद्दक्तस्य वेतनम्।
   यान्यवसिकस्तत्वाय धान्य प्रोणस्तु मासिकः॥ मनुसूत्रितः ७।१२६
2. Vide this Chapter, description of Banking in India.
3. संचयां त्वं कर्मित आदु शूद्रः कस्तः।
   पापीयान हि वनन्त लभ्यं वशे कुर्यां द्रियस्यः॥ शालिपार्व ६।०।३०
4. अवस्यं मरणोयो हि बर्णान्तं शूद्रं उच्चते।
   छत्रं वेष्ठन्य योतीर्मुणानंद व्यंजनानि च॥
   यातायानि देयानि शूद्राय परिचारिणे।
   अवगायशिविषोणानि वसनानि द्विजतिमः॥
   शूद्रायेव प्रदेयानि तस्य धर्मपरं हि तदु॥ शालिपार्व ६।०।३२,३३,३४
5. न हि स्वमहत्त शूद्रस्य महत्त्वाः हायं धनो हि सः॥ शालिपार्व ६।०।३६
money because a rich Sudra will trouble the Brahmans.\textsuperscript{3} It is interesting to point out here that in spite of all piety, erudition, and profundity of thought the ancient Indian seers were never fair to this weakest section of the society. But we should examine their views in the contemporary conditions prevailing in the society. It was the period when slavery was justified and considered necessary all over the world. In such a period of history exploitation of the Sudras is not surprising.

Hours of Work and Rules Regarding Leave and Pension etc.

According to Shukra a domestic servant who works for day and night should be given three hours' (\textit{Ek Prahar}) rest in the day and nine hours' rest at night. That means Shukra prescribes twelve hours of work by a labourer.\textsuperscript{3} He also prescribes one and half hour's rest for the day workers.\textsuperscript{3} He advises the King to give them leave for the performance of Shraddha. Leave should also be given on festivals although they may not be given leave if there is rush of work. According to Shukra a servant is entitled to three months medical leave in a year and he should be given 3/4th of his salary during his illness.\textsuperscript{4} Shukra seems to be very liberal in regard to leave rules. In exceptional cases a sick labourer can be given six month leave with pay and if the labourer is exceptionally efficient he should be given half pay during the entire period of illness howsoever long it may be.\textsuperscript{5} It appears that these rules were made exclusively for the servants employed by the King because other households could never afford such

\begin{itemize}
\item \textsuperscript{1} उष्णिष्टमग्नः दातत्वाय जीर्णीमि कसनानि च।
\item \textsuperscript{2} भुलकास्वैव धान्यानां जीर्णिस्वैव परिश्रुद्धा:।
\item \textsuperscript{3} शक्तेनापि हि गृह्येण न कार्यं धनसंचयः।
\item \textsuperscript{4} शूद्रो हि धनसाधार ब्राह्मणानेव बाधते।। मनुस्मृति ११।१२५। २६।
\item \textsuperscript{5} शुक्लीति २१३६७।
\item \textsuperscript{6} तदैव २१३६७।
\item \textsuperscript{7} तदैव २१३६६।
\item \textsuperscript{8} तदैव २१४०१।
\end{itemize}
facilities and amenities to the domestic servants or workers employed in agriculture and industries. According to Shukra, worker is entitled to get 15 days wage without work. This is the casual leave with pay allowed to the servants employed in various departments in India to-day. Shukra says that a servant who has served for 40 years is entitled to get 50% of the wages drawn by him for the rest of his life and his son is also entitled to get 25% of wage while his wife and daughter are also entitled to get 1/8th of the wage. These are the pension rules prescribed by Shukra.

Manu has also discussed some of the problems of labour like payment of wage etc. According to him a labourer who does not do his duty as promised by him in spite of his being in good health, should be fined eight Krashnals of gold. Moreover he is not entitled to get his wage.

Slavery:

In ancient India the custom of slavery was an outstanding feature of the society and economy and in the Vedas the institution of slavery has been mentioned repeatedly. The well-to-do people of the society including kings and nobles possessed slaves, both male and female to serve them. These slaves could be bought and sold like cattle and other items of property. Sometimes the Kings presented the slaves to the sages and scholars. In the Upanishads, Brahmans, Mahabharat, Manusmriti and other Sanskrit texts there are references which prove beyond doubt that the custom of slavery was a regular feature of the society. In Chhandogya Upanishad it is written that the property of richmen consists of cows, horses, elephants, gold, slaves, wives, farms etc.

1. शुक्रानीति २।४०२, ४
2. मूलो नातो कुर्णारो दर्पतिम् यथोचिनि ।
   स दश्य कृष्णलाल्यवदे न देयं बास्य वेतनम् ॥ मनुसुमृति २५।२१५
3. अद्वाने पोषकुलम्: पंचाशतं मसदस्युवधूनाम् ॥ क्रृष्णवद्व २।१६५।३६
4. गो अद्वामहे महिमेत्याचष्टे हस्ति हिरण्य दासं
   भायं क्षेत्राण्याबत्नानीति ॥ चन्द्रोदय उपनिषद् ७।२४।१२
Panini in his Ashtadhyayi mentions the various kinds of slaves. Slavery was in existence during the time of Buddha and the Jatakas describe it in detail. Although Kautiliya has written extensively about various types of slaves and has prescribed rules for their maintenance etc. Magasthneses clearly writes that there was no slavery during the reign of Chandragupta. The view of Magasthnesse seems to be based on partial observation because during the Hindu period the custom of slavery existed right upto the beginning of Muslim rule in the 11th Century A.D. in some form or the other. However, the institution was gradually decaying. The Muslim rule revived the institution of slavery and some of the slaves of the Kings became so powerful that they were made the rulers of the country after the death of their masters. Kuttuddin, Balban and many other Sultans of Delhi were in fact slaves of former Sultans.

Kinds of Slaves:

The ancient Indian writers have discussed slavery and have prescribed rules for them. In the Jatakas four kinds of slaves have been described—first the children of the slave parents, second, those bought as slaves in the open market, third, those who are captured in the battlefield and fourth, those who become slave willingly.¹

Manu mentions seven kinds of slaves—captured in the battle field, slave in return of food, born of a female slave, bought in the market, received as gift, hereditary slave and bond slave serving the master for the repayment of loan etc.²

Many other classifications have been given by other writers like Katyayan, Yajnavalkya, Kautilya and Narad etc.

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1. विषृृत पक्षित जातक—जातक, मदन्न आनांन कौशल्यायन
2. ध्वजाहुति मक्कदासी सुहजः कौतिदितिमो।
   पैण्ड्यकी दण्डदातषच सप्तेऽदास योनमः।। सनुस्मृति नं।४५३॥

According to Manu a slave cannot possess any property and whatever he possesses belongs to his master. In the same way the property possessed by the wife belongs to the husband the wealth of the son belongs to the father. However, Katyayan is of the opinion that a slave can possess the money for which he has sold himself and also the tips he receives from his master from time to time. Manu rules that a Brahman can take away the possessions of a Sudra slave. According to Manu a slave is to remain a slave all his life. However, in exceptional cases he can regain his freedom if it is done so willingly by his master. Narad is of the opinion that a person who has become slave for the repayment of a debt can regain the freedom when the debt is repaid. Even in the institution of slavery Varnavyavastha played its role and a person belonging to a higher caste could not be enslaved by a person belonging to a lower caste. According to Katyayan a Brahman cannot be a slave of another Brahman much less of a Kshatri, Vaishya or Sudra.

According to Katyayan a debt incurred by a slave on behalf of the family of his master must be paid by the master who is also the head of his family. This is also the opinion of Narad. According to Manu a slave should not be called to give evidence in a court of law. However, he concedes that when no other

1. नारायण पुस्तक दासद्वम नय एवचनास्मृतम ।
   वल्ले समविगभ्वतित यस्य ते तस्य तद्दनुस्मृतः ॥ मनुस्मृतिः मः४१६
2. दासर्थ सु घनं यस्तस्मात तस्य प्रभुसमृतः ।
   प्रसादां विक्रमाध्यतु न स्वामी वनमहृति न कायायन, Quoted by P.V. Kane, History of Dharmastra, Vol. II, Pt. I Chap. V.
3. मनुस्मृतिः मः४१७
4. नारायण स्मृति मः२६२५५३७
6. नारायण स्मृति मः२६२५५१२
7. मनुस्मृतिः मः१६६
witness is available, a slave can also be called as a witness in the Court. Yajnavalkya is comparatively more liberal than Manu and other jurists when he says that a slave can have some property of his own.

Charity (Dan)

Charity was considered a great virtue by the Aryan writers. The Rigveda declares, “The Gods have made hunger but death does not spare even those who eat. A charitable person never feels the scarcity of wealth but nobody can help an uncharitable person. A person who refuses food to a hungry man and eats it himself is doomed for ever.” And again, “Never eat at the house of an uncharitable person. The food which is not offered with charity is like poison. One who does not offer food to the Gods or friends is an eater of sin itself.”

Economic Privileges of Brahmans:

The Vedas and the post Vedic scriptures have granted not only the highest social status to the Brahmans but also a number of economic privileges which are not enjoyed by other sections of the society. We have mentioned these ideas at appropriate places. Here we only summarise the economic privileges sanctioned by the law givers of the society.

The King and the other members of the society have been asked not to take the property (Brahmadhan), women (Brahmjaya) or the cow (Brahmgau) belonging to the Brahmans. In the
Atharvaveda there are many poems condemning such shameful acts. It is written that the King who eats the wealth of the Brahman is eating poison and is soon to be destroyed.\(^1\) It is also written that the cow which has been taken away from a Brahman soon destroys the person.

The Brahmans have been asked to pay lower rates of interest on the loans taken by them. They are allowed to take away the wealth of Sudras. The Kings have been asked to give them charity from time to time. They have been exempted from almost all taxes. Atharvaveda declares that there is no rainfall in the kingdom where Brahmans are oppressed.\(^2\)

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1. निर्वेषङ्क्षणं नमर्ति हृदि वर्द्धिनिरिवारवर्धो विदुनोति सर्वं।
   यो ब्राह्मणं मन्यते अन्तमेव स विश्व विवर्तित तेमात्स्य।

2. तद्वै, प्राण १६१५
CHAPTER XII

Conclusion

We have given our conclusion and findings in the different chapters at relevant places. In this Chapter we simply consolidate and systematise the conclusions about the economic ideas of the ancient Indian writers.

First of all it is necessary to point out that economic ideas of the various writers do not prove that they were also put into practice. The writers of the economic history of India have repeatedly committed this mistake. They have quoted Manu, Vyas, Yajnavalkya, Kautilya, Kamandak, Shukra and a host of other thinkers in their attempt to explain the economic system of the Aryans. Infact the sources of information of economic history are, and should be different. For this purpose we shall have to study the coins, ancient buildings, edicts and inscriptions and archaeological material which can prove beyond doubt the existence of economic institution and customs of ancient India. Of course, works of Magasthneese and other travellers who visited our country from time to time also throw light on the economic system of the rulers of the various kingdoms. Shukra, Kautilya etc. are hardly useful in this respect.

From our experience we know that for prescribing something in economic matters in one thing and putting it into practice is quite another things. Controlling the economic behaviour of the individual and the society is not an easy task which could have been achieved by the small rulers of a large number of kingdoms scattered throughout this vast land. When we imagine the limited means at the disposal of these Kings and almost, total absence of means of transport, communications, warfare and administration, such a thing seems to be almost impossible. Certainly, the rule of
law must have been confined to a few cities of the kingdom, particularly the capital where certain economic reforms could have been enforced by the rulers, the rest of the country being left at the mercy of economic forces. We do not suggest that there was total anarchy in the countryside in ancient India. There were village panchayats having their own local administration. Another control was exercised by the caste system and the village priests and the masses in the villages had to obey the dictates of the village headmen, priests and the war lords. These traditions have not totally disappeared from our rural India even to-day.

We should also bear in mind that in a vast country like India there have been many kingdoms having their own customs, traditions, languages, cultures and civilisations. The Vedas, the Mahabharat and Puranas throw a lot of light on this thing. In the Mahabharat there is a discussion between Karna and Shalya in which both of them criticised the habits of the people of the each other’s countries. Karna criticises the people of Madradesh, the kingdom of Shalya, and calls them beaf eaters, Drunkards given to debauchery. He says that these people are dishonest and unreliable.1 In that discussion we also read about the customs, food habits and economic system of some other countries like Prasthal, Gandhar, Arakt which according to Karna are equally filthy.2 What we mean to point out is that the numerous kingdoms differed greatly in their customs, traditions and economic systems. In such a case it is absurd to assume that there was a single economic system throughout the country and the people lived according to the teachings of Manu, Yajnavalkya, Narad, Gautam etc. Of course, these writers placed great ideals and

1. महाभारत कर्णपर्व प्र० ४०.२५-३०
2. कारस्क्रामा०माहिषकान कुरण्डान केरलस्तिथ्या।
   ककोटकान थीरकांबुं कुरुकांत्व विग्नपर्यात।
   प्रस्तुल भद्रगाँधर भार्ष्ट्र नामत; सबा:।
   वसाति शिरु सायीरा हि प्रायो विकुलिता;। महाभारत कर्णपर्व ४४०४३, ४६
values before the society but their teachings were accepted by a
selected enlightened and educated few persons of the country.

The ancient economic ideas prove beyond doubt that the
ancient writers were highly enlightened people and considered the
economic problems of the country minutely and carefully. They
realised the value and importance of wealth, and believed that the
development and welfare of the people could never be possible
without a sound economic system. That is why they emphasised
Varta and prescribed rules for the development of agriculture,
trade, industry, animal husbandry and banking. The word
Arthasastra itself is very suggestive because it proves that it is
imperative for the rulers to develop the economy in order to build
up a strong State. For the Indian writers Public Finance was the
most important part of Economics and they devoted themselves
almost exclusively to the analysis of the principles of public
revenue, taxation and public expenditure. They have written
extensively about the administration of Public Finance and in this
respect they are still far ahead of many modern writers. We have
elaborated in detail the observations of Shukra, Manu, Vedypas
etc. in the appropriate Chapters and it is needless to repeat them
here. It is sufficient to point out that there are many things in
respect of Public Finance which the modern people can learn
from them.

(1) Unfair Deal with Sudras:

One conclusion that we draw from the economic ideas of the
ancient Indian writers is that they have been invariably unjust
and unfair to the Sudras. They have denied them all civic rights
and condemned them to eternal degradation, humiliation and
exploitation. According to Manu the Sudras have no right to hold
property. He rules that a Brahman can deprive a Sudra of all his
wealth because the wealth of the Sudras belongs to their master. 1

1. विलक्ष्ण ब्राह्मणः, शून्तादः द्रृष्योपादनमाचरेत्।
   न हि तस्यात्ति कितिस्थवं मनुः हार्यचनो हि स:।। मनुः 8.४१७
The Mahabharat prescribes that the Sudra should not collect money because if he gets wealth he will begin to lead a sinful life.\(^1\)

This is also the argument of Shukra to justify low wages to the Sudras which should be just sufficient for his subsistence because if they are given higher wage, they will squander their money on meat and drink and the employer will have to share the consequences of such a sinful life.\(^2\)

Certainly the ancient writers were more humane and considerate towards their cattle than to the human beings condemned as the Sudras. Naturally the Sudras had to live in absolute poverty; yet they had to pay higher taxes to the Kings and Manu and Yajnavalkya have prescribed higher rates of interest for them. This is unjustifiable from any standard of any period.

It is strange that nobody seriously questioned the views of these writers in this respect. It is astounding to learn that for a similar offence a Brahman was left scott free, a Kshatriya was given some light punishment like fines and a Sudra was put to death. The Aryans who developed the philosophy of Vedant which declares the existence of same divinity in all beings were cruel and heartless in their treatment of the Sudras and the present day backwardness of these unfortunate people is largely on account of the teachings of these writers. Although we can still find people who will be prepared to justify the teachings of Manu, Yajnavalkya and others in this respect but their argument are baseless and unjustifiable from any standard new or old.

\(^{(2)}\) Opposed to Laissez-Faire:

The ancient Indian writers do not favour a free economy. Although they have not discussed the merits and demerits of either free or controlled economy they have realised that if the economic activities are not controlled by law the poor people of the society are likely to be exploited by the rich and well-to-do people. That is why they have asked the rulers to see that the

\(^1\) सच्चचं न कूचित जातु शूद्र: कबंचन
पापि० भि धनं लहळ्या वंशे कुञ्जसे गरीयस्: || शान्तिपर्व ६०११०

\(^2\) शूक्मलिं २१३६४
labourers are paid the prescribed wages and other allied remunera-
tions, they get leave, rest, bonus, pension and other privileges
properly. Shukra and Kautilya have prescribed regulations for the
protection of the interest of the wage earners. In the same way
the rulers have been asked to control the rates of interest. In the
Chapter XI we have discussed at length the various measures
which Manu, Yajnavalkya, Shukra etc. have suggested to protect
the borrowers from the money lenders. Even the price should be
controlled by the state so that unscrupulous traders may not
exploit the consumers. Manu has clearly ruled that a King should
check the prices, weights and measures from time to time. Infact
all the writers favoured a controlled economy in all respects. The
Indians have never been believers in laissez-fairs which is essen-
tially a product of physiocracy and classical political economy.
We can compare them with the Mercantalists whose main purpose
was to help in building up strong States. The economists of the
Mercantalist era were eager to find out means to amass wealth
and develop the economy by foreign trade and other methods so
that States might be strong and prosperous. This was also the main
purpose of Manu, Shukra and Kautilya. Kautilya’s programme
was even more ambitious. He wanted to found a great powerful
empire with the various States subordinate to it and in this
purpose he considerably succeeded. Obviously this could not be
achieved without a powerful economic base and rich treasury.
Arthashastra was written with this purpose and view. A free-
economy could hardly be helpful in the realisation of this
purpose.

They were also not in favour of free and unrestricted trade
with other kingdoms. Manu and Yajnavalkya have prescribed
stiff penalty for exporting prohibited goods. But such a policy
cannot be called protection either because it presupposes restric-
tion of the free foreign trade for the purpose of protection of the
home industries.

(3) Righteous Means :

Almost all the ancient Indian writers strongly recommend that.
not only the King but all the members of the society should make money by fair means. This is the cardinal principle of taxation and also the rule for all members of the society. In the Mahabharat the sage Parashar rules that a Brahman who gets money in charity, a Kshatri who earns money in a war and a Vaishya who produces wealth in agriculture trade etc. and a Sudra who makes money by serving others is the truly religious income of these people.¹ He rules that true wealth is that which is earned by moral and religious means. The money which is made by foul practices must be discarded.²

However, we have mentioned earlier that religion was not a fed or fetish with some of the early writers. During the period of distress, certain exceptions were permitted known as Apaddharma, the conduct during a calamity. Some of the writers like Kautilya have given more pragmatic and realistic opinions in this connection. The Mahabharat has given the views of one Kanik Bharadwaj who has thrown away all the norms of morality to the four-winds in political and economic matters³ But such views are exceptions and not the rule.

(4) Few Wants:

The Indians have never believed in the satisfaction of too many wants and desires. This seems to be the tradition and heritage of our culture. Not only the writers of Vedic tradition but also the Jains and Buddhists have invariably warned the people to make the life as simple as possible. Even the writers like Mahatma Gandhi, Acharya Venoba and Dr. J.K. Mehta in the modern period consider a life having few wants as happier

1. प्रतिप्रहामजता विद्रे क्षत्रिये युधि निर्जिता।
   वैशे व्यवाजितार्थव शूद्रे शूषुपयाजिता:।
   स्वल्पान्यथाः: प्रश्वस्वते वर्मस्वाच्छ महाफला:। शान्तिपृव्य २६४१,२

2. तदेव, २६२१६

3. शान्तिपृव्य १४०१२, ५४
and saner than the life of the people who satisfy too many wants and then make ceaseless efforts to find out means to satisfy those wants. This is also the opinion of Jesus Christ and the saints and sages of the West. Tolstoy believed that multiplicity of wants was the primary cause responsible for the miserable plight of the society. We wish to point out that Socrates in the 5th century B.C. believed that a simple and frugal life having few wants was the first condition of happiness. He believed that the main purpose of life was to devote oneself to the discovery of truth and if a person has too many wants to satisfy his entire time and energy will be wasted in finding out means to satisfy those wants. We have reasons to believe that Socrates and other Greek philosophers after him earned the message of spirituality, morality and truth from India because most of their views are similar to the ideas of Vedic seers.

Relevance of Economic Ideas of the Ancient Indian Writers:

Most of the writers even of the modern period have lost balance while making an assessment and evaluation of the ancient Indian ideas and also while judging their relevance in the modern conditions. Some of them believe that the ideas of Shukra Manu and others are unquestionable and should not be challenged even in the modern conditions, while others have gone to the other extreme and discarded them as totally irrelevant and unsuitable in the modern conditions. We believe that both the approaches are mistaken. An idea is to be judged on merit, on its utility and not on sentimental grounds. We also believe that the society evolves and develops and new problems crop up which cannot be solved by old methods. We also believe that with the growth of the society the social, political and economic conditions also change and they should be solved by the most suitable methods.

The ancient Indian writers were gifted with extra ordinary insight but the means at their disposal were limited because most of the sciences in those times were in their infancy. There is no point in the argument that the ancient writers knew every thing
and the sciences developed by them were perfect. The golden period of human wisdom is always in the future and not in the past. Since the Vedic period all the sciences, without exception have steadily grown and the society has become more and more powerful by virtue of the knowledge added to the existing store of wisdom at its disposal. It is in this light that we have to judge the relevence of the economic ideas of the Aryans.

While we believe in the evolution of civilisation and culture and also the growth of all the sciences including Economics we do not rule out the achievements of the Aryans in various fields. There are still many things which are useful even in our times. Not only in the field of Economics but also in respect of philosophy, Astronomy Medicine etc. but at the same time there are many ideas which have outlived their utility and have no relevance in the changed circumstances whatsoever. First of all we mention the economic ideas which are worth emulating even now some of them are as follows:

(1) Righteousness is the Watch word of Indian Economic Thinking:

This is the cardinal principle which pervades the teaching of the writers of the Vedas Brahmans, Puranas, Smritis, Jatakas and almost all the ancient texts. Wealth should be earned by fair means and spent for righteous purposes. This is the guiding principle for the rulers while collecting revenue and this should also be general rule for the society. The modern man has totally forgotten this ideal and in the words of Adam Smith modern society is motivated by self interest and we find that the results are disastrous. The present society is based on exploitation, cheating and ruthless competition. The people are making all efforts to amass wealth by any means fair or foul and in this struggle the weak and the poor are the worst sufferers. Every calamity like war, famine, epidemic etc. is an opportunity for the industrialists, traders and profiteers to make easy money. From time to time writers like Robert Owen, St. Thomas Aquinas, Tolstoy, Mahatma Gandhi etc. have warned the people to discard dishonesty and profit motive from the economic life. It is needless to say that their words have fallen on deaf ears.
(2) The Right Place of Wealth in the Society:

Another great idea which is relevant in our times is that wealth is not the ultimate end of the life of an individual or the society. The Indians while recognising the value and importance of wealth never considered it the most important thing in the society. For them realisation of truth which has been variously called as Moksha (Salvation) or Nirvan has been the ultimate object of a man's life. Wealth is a means to the realisation of that purpose. In the West the Classicists and before them the Mercantalists considered wealth an end in itself. This idea was challenged by Sismondi Robert Owen and the Socialists like Rod Burtus, Lassalle, Karl Marx and others. It was the genius of Marshall who assigned wealth its right place. According to him man is more important than wealth while he agrees with the Aryans in attaching secondary importance to wealth he differs with them in respect of the ultimate purpose of a man's life. While welfare of mankind or the 'greatest good of greatest number' which was the philosophy of Utilitarians like Jeremy Bentham and J.S. Mill, is the greatest ideal of mankind, the Aryans invariably considered salvation or realisation of truth as the ultimate good.

The present day society considers wealth as an end in itself. It is a disastrous not only for the individuals but also for the society in general. Such a mistaken view induces man to indulge himself in the mad rush after mony and diverts all his energies from the higher values of life. It reduces him to a money making machine devoid of all humanity, five sentiments and virtue. It is also harmful for the society because it triggers off a ruthless struggle and competition in the society where every individual wants to live at the expense of other member of the society.

Although the view of the Aryans that wealth is comparatively less valuable is basically sound, it is difficult to accept their idea of Moksha or Salvation as the ultimate good. The modern man believes in reason and palpable ideals. An imaginary ideal cannot
attract the modern rationalists. They can believe in happiness, satisfaction and with certain reservations in truth also but the elusive concept of Moksha is something they cannot accept.

(3) Few Wants:

The Aryans always believed in the control of desire and this influenced their economic outlook also. In their opinion too many wants always result in misery and suffering. Here we find a contrast between the two ideals while the West believes in multiplicity of wants the ancient Indians considered such an attitude disastrous for the individual and the society. They believed that desire is like a fire and the more one tries to quench it the more powerful it becomes. They considered too much possession of wealth (Parigrah) as an essential evil. Infact the five fundamental rules (Yam) namely non-violence (Abinsa), truthfulness (Satya) not stealing (Asteya) Celebacy (Brahmcharya), non possession (Aparigrah) are based on control of senses. In the modern period also Mahatma Gandhi, Vihobaji, J. K. Mehta and almost all saints and sages worthy of name have taught mankind to have as few wants as possible. Dr. J.K. Mehta has even worked out a philosophy of wantlessness. He believes that every want disturbs the mental equilibrium of the individual and by satisfying the wants the person tries to restore that equilibrium. He argues that if the mind is taught to control the want the equilibrium will not be disturbed and man will remain happy without the satisfaction of want. Although Prof. J.K. Mehta’s thesis is questionable in many respects he has presented the old ideal of fewer wants in a rational form. The present day man will have to curtail his desires, wants and demand which are the root causes of a lot of misery hardship and needless activity in the society. While we believe that the basic needs of mankind cannot be eliminated and the talk of their elimination is neither possible nor desirable. We believe that there are quite a few wants which are unnecessary and avoidable. In many cases their satisfaction is harmful and such wants can and should be eliminated. This will make the life of the people much simpler and easier and he
will require much less wealth for his maintenance. This will also conserve his time and energy which he wastes at present in earning money by fair or foul means so as to satisfy the large number of wants of which he has become accustomed.

(4) Principles of Public Finance:

There is at least one branch of the science of Economics in which the ancient Indians made considerable progress and that is Public Finance. They have very minutely considered the principles of taxation, public expenditure, public debts and administration of public finance. This was done long before the ideas of Von Justi, Adam Smith and Ricardo came into existence. There are still many things which are relevant even in the modern conditions. Certain chapters of Shantiparva, Kautilya Arthashastra, Manusmriti, Yajnavalkya Smriti, Shukraniti etc can still teach us many things in the theory and practice of public finance. Particularly Shantiparva of the Mahabharat and Kautilya Arthashastra can very usefully be prescribed for the students of public finance in many countries of the world.

(5) A Fair Deal to Labour:

The ancient writers realised the value of labour in the society and the writers like Shukra, Manu and Kautilya have prescribed detailed rules for safeguarding the interest of the labourers. It is surprising that they have prescribed rules about controlling the hours of work, rest pauses, holidays, wages, payment of wages, granting of bonus, gratuities, pension, social security, workmen's compensation, retirement and so on. We do not wish to suggest that such rules were actually followed anywhere in the world. We are rather inclined to believe that labourers in ancient India were subjected to great exploitation and humiliation for the simple reason that there were neither trade unions to protect their interest nor comprehensive labour legislation to defend them. Of course, from time to time there have been benevolent rulers like Ashok, Harsh, Chandragupta, Vikramaditya who have made reforms to-
protect the poor people but such measures have been few and far between. In the same way there have been well meaning writers who have prescribed rules for a fair deal to the labourers. Some of the measures suggested by Shukra are worth emulating even now.

(6) Controlled Economy:

We have mentioned earlier that ancient Indian writer favoured a controlled economy where prices, interest, wages and profit were under strict control of State. Under Socialism and to some extent under planned economy State control is considered necessary. We believe that the opinions of Shukra, Kautilya, Manu, Yajnavalkya etc. are still relevant and useful especially in a developing country like India. If the poor people of our country are left at the mercy of unscrupulous traders, industrialists and money-lenders the poor consumers, labourers and borrowers will be imposed to limitless exploitation. The present Indian Government realises the importance of controlling the prices, profit, interest and wages and various legislative measures show the relevance of many ideas of the ancient Indians.

The Ideas which have Lost all their Relevance:

Every society changes and evolves and new problems and challenges crop up. It is absurd to think that any idea, theory or philosophy can serve the purpose at all times and in all circumstances. We can point out some of the economic and social ideas which are unsuitable in the present circumstances. Some of them can be listed as follows:

1. The Institution of Slavery:

There was a time when slavery was considered not only useful but indispensable throughout the world and India was not an exception. In one of the earlier Chapters (Chapter XI) we have discussed the views of Manu etc. in respect of slavery. It appears that the ancient writers were not opposed to it. Only at places they recommend that the slaves should be treated kindly and their
masters should take a good care of them. Today slavery has been abolished all over the world. No sane man can justify slavery. Such ideas have lost all relevance in the changed circumstances.

2. The Sudras:

The status of Sudras in the ancient India was slightly lower than that of the slaves. We have discussed at length the exploitation, humiliation and limitless degradation of this section of the society. Unfortunately this Tradition has not totally disappeared even in the present times. There are people who quote scriptures in their attempt to justify the institution of Sudras. In the altered circumstances this is undemocratic, unsocialistic and uncivilised. Even in the ancient times the degradation of the Sudras was unjustifiable from the point of view of any norms of morality or culture. In the modern times such an opinion is simply stupid.
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