

# The Contemporary Relevance Of The Arthashastra For The Indian Economy

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## INTRODUCTION

A proper grasp over economics is not possible without the thorough knowledge of the history of economic thought on the one hand, and the history of evolution of economic ideas on the other.

Within the field of the history of economic thought, there is a universal tradition of acknowledging the birth of modern economics to Adam Smith in 1776, with the publication of his magnum opus "*An Enquiry into the Nature and the Causes of the Wealth of Nations*". But what has never been acknowledged is the fact that ancient Indian writers in their texts discussed many of the modern concepts and issues in economics. It is a different story altogether that these concepts were never presented in any systematic theoretical framework. Still, going by the freshness of policy prescriptions emanating from them, it is difficult to digest the fact that these ancient Indian thinkers do not get due consideration that they deserve. Credit should definitely be given to Adam Smith for systematizing the subject and establishing it as a special discipline of study, but not at the cost of neglect of ancient Indian writers on this subject. Among the ancient Indian economic thinkers, the most prolific and profound was Kautilya (also known as Chanakya or Vishnugupta), the minister of the King Chandragupta Maurya (founder of the Mauryan dynasty). He wrote the now famous book '*ARTHASHASTRA*' in the fourth-century B.C. Arthashastra is the first systematic treatise on economics. Of the fifteen books constituting Arthashastra, nine are almost entirely political, only six contain significant economic as well as political matter. It is the first comprehensive book on economics available to mankind. Kautilya wrote the Arthashastra at a time when large parts of the world were steeped in intellectual darkness. Even from the narrower viewpoint of contemporary economics, Kautilya saw so many of the key concepts of eighteenth, nineteenth and twentieth-century discussions. One must not forget that modern tools and techniques of analysis were not available to Kautilya and knowledge itself was very much limited. And yet, Kautilya could develop a very systematic thinking process on a number of political and economic issues. He attempted at a unified science of society. His economics was embedded in the institutional arrangements of the time, and he adopted a holistic approach to economics, making it meaningful to apply.

Modern or western economics propagates the ideals of individualism, liberalism and competition. Kautilya's Arthashastra, on the other hand, is for the greatest good of the greatest numbers to be achieved through state regulation and restricted competition. In modern terminology, if the western philosophy stands for capitalism, then the eastern philosophy, as reflected in the Arthashastra, stands for socialism. After the failure of capitalism to solve in any considerable magnitude, the basic problems of poverty, unemployment and inequalities; even the western world is now relying on the '*Third Way*', to use Joseph Stiglitz's term, signifying a blend of capitalism and socialism, or rather trying to redefine the role of the state in its correct perspective. This is nothing but regressing towards the basic principles of economic management referred to in Kautilya's Arthashastra.

## RELEVANCE OF THE ARTHASHASTRA IN CURRENT TIMES

The Modern day world is mired with numerous economic, social and political problems. Many attempts have been made in the direction to analyze these problems and find a once for all solution in the form of theories (explaining the causes and suggesting remedies) and policies (implementing the suggestions emanating from these theories). Nonetheless, many of these problems continue to be with us and have assumed a more serious form than before. At least, the economic problems have become more serious due to the growing scarcity of resources.

Better and more scientific management of these resources is the need of the hour. In this context, can the Arthashastra provide some useful insights to deliberate upon these problems? Does the Arthashastra have the capacity of becoming a torchbearer to find solutions to present day problems? One would naturally doubt the relevance of ideas written in

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the text some 2300 years ago. There has been a sea change in economic, political and social conditions in the past 2300 years. Kautilya developed his economic ideas by taking into consideration the social, economic and political conditions of his time. Therefore, the setting in which the Arthashastra was written was totally different than the present socio-political-economic environment. Does it still continue to hold the same relevance as it did in the past? The assertion of the researcher is that a large part of the text is relevant even today.

Kautilya's Arthashastra contains some universal truths that transcend the boundaries of time and space. In fact, its relevance has increased and is increasing day by day with the modern-day problems becoming more and more complex to solve. Secondly, the prescriptions in the text have not been tried out. It is the high time that at least some of the prescriptions be tried and tested. Many of the modern-day theories have failed to solve these problems. Modern economic concepts based on purely materialistic paradigms could not bring economic development that is peaceful and free from strife. The thoughts of most of the modern economists are based on paradigms that spring from stark materialism.

Spirituality, ethics and moral values are shelved aside. So, their talks about economic justice, human rights, etc. become completely meaningless as they lack sound foundations. On the other hand, the human progress portrayed in the Arthashastra of Kautilya visualizes the symbiotic progress of spirituality, moral values and materialism. This approach alone could bring about social and economic justice. The real test of usefulness of any treatise is not just its completeness or just the beauty of its logic, but also the demonstration of its practical application in real-life situations with enduring success. At this juncture, the researcher would like to pinpoint that under the guidance of Kautilya, the Mauryan Empire attained growth with stability with the help of strong administration and efficient fiscal management as laid down in the Arthashastra.

Kautilya was the organizing genius behind the autocratic centralized state that Ashoka inherited and expanded. The Mauryan political system, as depicted by Kautilya reached a very high level of structural differentiation and cultural secularization as in it, traditional orientations and attitudes gave way to more dynamic decision-making processes. India attained political unity for the first time under the Mauryas. History tells that Chandragupta Maurya was the first Indian king who established his rule over an extended India, an India greater than even British India. Chandragupta was the first Indian king to enter the stage of world history. The credit of this magnificent success goes mainly to the materialistic conception of policy of polity of Kautilya. The Maurya dynasty ruled successfully for 136 years. According to renowned historian Vincent Smith, Chandragupta Maurya's government was the most efficient government that India had. India throughout the fourth and third centuries B.C. was arguably the richest and the most powerful economy on earth. The Arthashastra endured the test of time, and it has since withstood the test of credibility. Kautilya used economic policies as instruments to not only achieve internal peace, but also to establish a strong state. If Kautilya's economic philosophy is judged and analyzed from modern angles, it will be surprising to note that his philosophy was complete and is eternal in its impact.

The researcher would also like to admit honestly that there are many ideas and concepts that have become totally irrelevant due to the changed context. Remarkable changes have taken place in the fields of governance, defense strategy, arms and ammunition, institutional structure, culture/civilization, production techniques, etc., which render many ideas and concepts of the Arthashastra irrelevant in today's context.

There are two strong arguments for accepting the relevance of the text, at least for the Indian economy: -

**(i)** It has been written with a holistic approach i.e. economic phenomenon is analyzed considering the social and political aspects. It is not like the present-day economics that does not consider the effects of social and political events affecting the economic events. Therefore, the Arthashastra is closer to reality while evaluating real world economic phenomenon.

**(ii)** The Arthashastra was written in the Indian setting. Therefore, its prescriptions are more suited to the Indian economy. Whatever economics India has adopted to solve its economic problems have been developed in the Western economic setting, totally unsuited to the Indian society. Economic principles used in the Western world have been derived from their own cultural background. Therefore, when these principles are applied in the Indian context, they have not produced the expected results. One should look for those principles that make sense in one's own cultural settings.

**Kautilya's Arthashastra could be the correct starting point. Some important prescriptions of the Arthashastra, which keep relevance in the present Indian economy, are as follows:**

**(i)** Kautilya is of the firm opinion that economics is the basic discipline, and that it should be paid attention to. Strong economy is the root of strong polity. *“Artha is the most important; for dharma and karma are both depended on it.”* says Kautilya. He realized fully well that if the King had a command over the purse, and if he were economically self-sufficient, then no other person or institution could challenge legal authority, because economic power is the key to all other types of power. That is the reason why, with unique political insight and economic wisdom, he advocated those economic principles for the Mauryan political system for which he can be regarded as the forerunner of the celebrated economists of the history of economic thought. With his supremely materialistic outlook, Kautilya understood that once financial independence was ensured, the King could rule by sword, and the consolidation of the empire should be possible.

This prescription of Kautilya is very much relevant today in the context of the Indian economy. All the years since independence, we put politics above economics and paid its price in terms of slow rate of economic growth and could not find any concrete solution to the basic problems of poverty, unemployment and inequalities. Since the reforms of 1991, we learnt the lesson that economics should be given the priority over politics, if public welfare is to be promoted. Growth has definitely accelerated since then. China too put economics above politics, and became the fastest-growing economy. The miraculous growth story of South-East Asian nations too teaches the same message which Kautilya had prescribed thousands of years back.

**(ii)** In the field of public finance, Kautilya prescribed that the tax net be widened. Each and every productive activity should be taxed. Even agricultural income in the Kautilyan economy was taxed because it was the chief occupation of the people. Even today, agriculture continues to be the chief occupation of the people in India. However, it is under taxed. This needs to be corrected. Kautilya also gave the concept of water tax. It is very much relevant in the modern times for two reasons – **(a)** wastage of water will get reduced and **(b)** water tax levied at some minimum rate will generate revenue for the government. The Government of India has been facing the problem of deficits in the budget. To remove such deficits, the prescription of widening the tax net to increase revenue keeps relevance in the modern Indian economic system. The Government should not only bring agriculture under taxes, but also include many services generating enormous profits under its tax net. When revenue is mobilized through different sources, it becomes easy and possible to meet the expenditure requirements of different administrative wings of the government. At the same time, it should not be forgotten that Kautilya was against high tax rates. Modern day public finance writers have recognized this truth. The Laffer curve depicts this fact. In India, the New Economic Policy has explicitly given recognition to this fact. Kautilya's prescription of generating surplus budgets is the first step towards the goal of achieving a welfare state.

**(iii)** An important lesson to be learnt from the Arthashastra is that budgets should aim at adjusting expenditure to revenue, and not revenue to expenditure. Present day budgets start with estimates of expenditure; instead, they should begin by estimating revenue.

**(iv)** Kautilya also cautioned about squander mania in expenditure, and to him, the administrators, as far as possible, should explore all possibilities to maintain austerity in expenditure. This is very much relevant in the present Indian economic system. Austerity in public expenditure is one area where the government has not really done anything.

**(v)** Kautilya has mentioned nothing about public borrowings and deficit financing. Present day malaise in the field of public finance is due to misuse of these instruments. Keynesian policy of deficit financing has proven to be an utter failure in achieving its objectives. Therefore, Kautilya's prescription of limiting expenditure to revenue raised holds utmost relevance.

**(vi)** Kautilya emphasized employment generation as an important function of the state by encouraging the production of mass consumption goods by the masses and points to agriculture, cattle rearing, small industries, trade and services as the main avenues for employment. This holds relevance today when the government is grappling to find an immediate solution to the problem of unemployment. Instead of focusing on manufacturing, which has almost become stagnant, there exists great scope for generating employment in agriculture, agriculture-allied activities, small-scale industries, and services in the informal sector.

**(vii)** Kautilya prescribed for providing irrigation facility to agriculture. It is relevant in the modern Indian economy because around sixty percent of the cultivable land still depends on rainwater. Irrigation will definitely help to increase farm production throughout the country and ensure growth with stability. Provision of irrigation should be the top priority in the field of agriculture for state governments.

**(viii)** In the field of forestry, Kautilya emphasized to pay proper attention to afforestation. He prescribed for the adoption of monoculture of some valuable tree species to enrich the forest reserves of the country. Protection of old as well as newly established forests were given pivotal importance. Anyone found setting fire in the timber and elephant forest was to be thrown into fire. He prescribed for the proper maintenance of recreational forests. Wildlife protection is given due importance in the Arthashastra. Social forestry is also advocated on the grounds of ecology. The Superintendent of Forests was to promote forest resources with the active involvement of forest dwellers. He was to see that the manufacture of articles from forest produce that were needed for routine life or for defence purposes was carried out adequately. Forests continue to be important from the viewpoint of providing us many useful products, sustaining ecological balance, and also providing recreational services. Over a period of time, deforestation has become the norm in India, leading to an increase in the problem of pollution. Social forestry scheme in this context becomes relevant since it can increase the supply of fuel wood for domestic use, small timber for rural housing, fodder for livestock, and minor forest produce for local industries. Over and above, this can also increase the natural beauty of the landscape, reclaim wastelands, and improve the environment by protecting it from adverse climatic factors. Social forestry can be replicated on the barren hillsides and on thousands of hectares of degraded land all across modern India. Wild animals are being killed for their tusks, skins, etc., disturbing the ecological balance. Therefore, Kautilya's prescription of protecting the forests is very much relevant for the modern day Indian economy. Efforts must be made, therefore, to extend the forest area. From the viewpoint of long-term development and defence, efforts should also be made to bring about a co-ordination amongst the forest policy, forest research and plantation of trees. For a developing nation like India, the exploding population, rapid industrialization and urbanization have raised the demand for forest products as a means for industry and trade. The '*Vana Mahotsava*' programme and slogan of '*Plant More Trees*' started by the central government should be looked at in this perspective.

**(ix)** Kautilya prescribed for adequate attention to be paid to the development of minerals. Mineral resources are the basis of industrialization in a country. Moreover, minerals are the stock reserves of the country and, therefore, do not have continuity in their supply. Hence, proper utilization of mineral resources is very essential. Kautilya opines that mines are the source of the treasury (gold and precious metals); from the treasury comes the power of the government (wealth); and the earth (land), whose ornament is the treasury, can be acquired through the treasury (wealth) and the Army. Kautilya said that the Superintendent of Mines must possess the knowledge of the science dealing with the distillation and condensation of mercury and testing of gems. Aided by experts in mineralogy and equipped with mining labourers and necessary instruments, the Superintendent of Mines was to examine mines, which appeared to have been once exploited or, which might have been newly discovered on plains or mountain-slopes possessing mineral ores, the richness of which could be ascertained by weight, depth of colour, piercing smell and taste. If India is now facing a shortage of some minerals like coal and petroleum, it is not because these have not been bestowed upon us by nature, but because we have not been able to develop techniques with which we can exploit minerals economically in sufficient quantity. Proper management of mines is the necessity of the day. The employment of qualified technical personnel for mining operations is essential. A sound mineral policy is the basis for the extraction of minerals, their purification and conversion into finished or semi-finished products for use in the country or for exporting them.

**(x)** Kautilya has prescribed for the protection of cattle wealth or livestock, particularly, the cow. Kautilya had prescribed death penalty for persons who killed the cows. He advised the King to get into his court after saluting a cow with its calf and a bull by going around them. Even today, the cow and its progeny contribute a lot by providing means for agriculture, milk-products, fuel and transportation. The proverbial Indian rivers of milk and curd have dried up now. As the Indian cattle are under-nourished, the government is not in a position to supply sufficient milk to the growing population. Governments of Denmark, Australia, Japan, the UK and some other countries supply milk to their school-going children, while India lacks such an arrangement, obviously because of the shortage of milk. A white revolution is necessary for raising the output of milk. Livestock economy needs adequate attention. Looking at the potential of livestock to contribute to the national income and employment, Kautilya's prescription holds



relevance even today.

**(xi)** Kautilya understood the importance of accountability and transparency in the functioning of public sector units, the lack of which in a number of such units is the main reason for the proliferation of loss-making public sector units. There are discernible similarities between some of the provisions of the Arthashastra, and the main principles of corporate governance.

**(xii)** Kautilya prescribed that the labour market should be under the control of the state. This is necessary to stop labour from getting exploited. He also prescribed to stop child labour and prescribed severe punishments for those who exploit female labour at the workplace. All his prescriptions are relevant today. The private sector literally exploits the labour in order to maximize its profits. State regulation, therefore, becomes necessary. Child labour has become a norm in many industries. It needs to be stopped, and children need to be put in schools for education. Without adequate state intervention, this seems to be impossible. Sexual abuse of females at the workplace is a common corporate problem. It needs to be addressed with the help of a system of severe punishments.

**(xiii)** So far as price determination is concerned, Kautilyan price policy is an administered price policy, wherein except for abnormal situations and for some essential commodities, prices of the commodities are allowed to be determined by the free play of demand and supply of goods and services. In some exceptional circumstances, the state can intervene in the economy to control the restrictive trade practices of the traders who fix highly prohibitive and exorbitant prices and exploit the consumers. In such cases, to protect the consumers' welfare, Kautilya instructed the Superintendent of Commerce to enforce the price policy. Prices were to be determined in such a manner that the interests of both the producers and buyers remain protected. Kautilyan price policy sprang from the basic Indian world outlook of balance of harmony. Price control is necessary to ensure this harmony, because activities associated with profit and accumulation of wealth inherently contains the unbalancing factor of greed. So, unless restrained by the controlling power of the state, pricing by traders and producers would automatically generate disharmony. It is very much relevant today in the Indian economic context, because the government has withdrawn itself from this field. The private sector is charging exorbitantly, even for essential commodities like medicines. Government needs to seriously rethink about this situation in the welfare of large and start controlling prices of essential commodities.

**(xiv)** On a number of aspects, it can be said that Kautilya did have in-built supply management model consisting not only of control of prices, but also of their regular monitoring, prevention of cartelisation, use of standard weights and measures for consistency of transactions and building of buffer stock. All these have a great role to play in controlling inflation, which is faced by many countries of the world today.

**(xv)** Kautilya prescribed fixed profit margins to be allowed to traders/merchants. This may not be relevant today. However, of course, profiteering by businessmen needs to be restricted. The practice of profiteering can increase income inequalities in the society. The MRTP Act and now, the Competition Act exactly try to achieve this. Such laws need to be implemented honestly.

**(xvi)** Kautilya's recognition of economic offences as a hindrance to achieving economic welfare has widely been accepted today. Many rules and regulations are in place to curb all types of economic offences.

**(xvii)** Kautilya advocated building up of buffer stocks to ward off natural calamities. This is very much relevant today. In fact, a system of buffer stocks does exist. However, it is not being properly managed. As a result, people die out of hunger, when millions of tonnes of food grains lie unused in the godowns of the Food Corporation of India. The central government needs to reconsider its policies regarding the management of buffer stock.

**(xviii)** Kautilya also had the idea of disaster management in his scheme of things in the form of a number of measures to be taken by the state to fight famines or droughts or those to be taken by households to fight fire. In the present age, with increasing uncertainties of life due to natural and manmade calamities, it becomes essential for each and every individual to have some knowledge in the field of disaster management. Either such training can be provided through education, or through some special programmes of the government.

**(xix)** Kautilya favored fair trade. He tried to inject ethics in trade. This is very much relevant for modern times, when many firms believe in the philosophy of '*profits at any cost*'. Hoarding, black marketing, profiteering, etc. has become a commonplace practice with many businesses. Concerted efforts by the government, non-government organizations, trade associations and consumer associations may help to address this problem more satisfactorily.

**(xx)** Kautilya's views on trade reflected that he grasped, among other things, a point that is extremely relevant even in the present era of globalized commerce and trade: there is no autonomous mechanism that will ensure that a nation would benefit from trade in the absence of certain safeguards and policy measures. Kautilya prescribed giving incentives for promoting exports and also encouraged necessary imports. He is an advocate of outward-oriented trade strategy, but in some cases, does not rule out the need of a protectionism policy. This prescription is relevant even today for the Indian economy. Promoting exports can rectify deficits in balance of payments. For this, the government should take all necessary steps. The central government has been trying to promote exports through many policies. However, the results have not been very encouraging. There needs to be proper coordination between the Reserve Bank of India and the Ministry of Commerce in respect to such policies. At the same point of time, essential imports which promote our growth like technology need to be encouraged, for it helps in promoting exports as well. Inessential imports can definitely be prohibited and also, exports of those essential commodities that can cause domestic inflation can also be banned. The connotations of harassment and obstacles to trade may have changed. However, the fact that anti-dumping measures exist or that capitalization has to be coped with or adverse terms of trade have to be accounted in certain sectors underscore that safeguards are essential even in current times and those responsible for managing these measures should be responsible. Furthermore, Kautilya was aware of the fact that the terms of trade were not just dependent upon economic factors, but also on various other non-economic parameters. The traders had to keep in mind the political or strategic advantages in exporting or importing from a particular country. The proliferation of free trade agreements in recent times underscores this point because there is a definite political dimension to trade treaties and agreements just dependent upon economic factors, but also on various other non-economic parameters. The traders had to keep in mind the political or strategic advantages in exporting or importing from a particular country. The proliferation of free trade agreements in recent times underscores this point because there is a definite political dimension to trade treaties and agreements.

**(xxi)** Kautilya prescribed for compulsory use of standard balances and weights and measures. This was coupled with the prescription of severe punishments to all those traders and merchants who indulged in cheating consumers. Looking at the way the formal and informal sellers cheat consumers very often to maximize their profits, such prescriptions are relevant in the present economic system of India. Since 1980s, modern management has started emphasizing ethical behaviour. Kautilya considered this to be essential in his time.

**(xxii)** Kautilya prescribed elaborate measures of social security for the aged, the helpless and the women having no guardians. Kautilya also prescribed various methods of counteracting the effects of famine. All such welfare measures keep relevance in present times where insecurity about all aspects of life is on an increase.

**(xxiii)** Kautilya understood the importance of economic and social infrastructure in promoting growth and development. He instructs the state to erect essential infrastructure like roads, warehouses, market towns, ports, etc. He gives special significance to the construction and maintenance of roads. One also finds the mention of public hygiene. Kautilya also envisaged the significance of water management and irrigation in agriculture. This prescription of Kautilya is very much relevant today in the context of the Indian economy because it is widely recognized that lack of essential infrastructure is holding back our economic growth and development (especially roads).

**(xxiv)** Kautilya prescribed for a mixed economic system with greater emphasis on public sector in promoting welfare of people. He was in favour of a regulated market economy. This is very much relevant in the modern Indian economic environment because time and again, it has been proven that the market cannot replace the state. To solve important problems like unemployment, poverty, inequalities, etc., and to achieve the wider goals of the society, one cannot rely on the private sector. Moreover, to achieve stability with growth, there is no alternative to effective government intervention.

**(xxv)** Kautilya understood the importance of good governance in promoting public welfare. Accordingly, he set up a meticulous system of rules and regulations, law and judiciary and property rights. There is an elaborate mention of law of contract and revocation on the side of commercial law. Spying was an important element of this scheme.

Kautilya suggested that good governance should avoid extreme decisions and extreme actions. Soft actions (*Sam, Dam*) and harsh actions (*Dand, Bheda*) should be taken accordingly. Kautilya was aware of the problem of corruption in government departments and to tackle it, he advocated severe punishments for corrupting officials. He recommended a strict code of conduct for the administrators. This code of conduct is useful and applicable to modern administrators. For good governance, all administrators, including the King, were considered servants of the people. They were paid for the service rendered and not for their ownership of anything. The Arthashastra equates political governance with economic governance. The end is economic governance, while political governance is a means. Good governance and stability are inextricably linked. If rulers are responsive, accountable, removable, recallable, there is stability. If not, there is instability. This is even more relevant in the present day democratic set up. Kautilya's precepts may have been in the context of the monarchical setup. However, the present rulers and administrators should be endowed with similar qualities. In countries where they are, the progress has been meteoric. Corruption is eating away the fruits of growth and development. Importance of good governance is now high on the agenda of economists to achieve and maintain high rate of growth and development.

**(xxvi)** Kautilya was in favour of controlling inflation. He instructed the Superintendent of Commerce to see that prices do not rise exorbitantly. And if they did, then he suggested some measures like increasing supply from the buffer stock of the State. Kautilya realized that inflation hits the common man very hard, especially those living at the subsistence level. It is now realized the world over that the macroeconomic goal of '*growth with stability*' cannot be realized without controlling inflation.

**(xxvii)** In the field of governance, he also suggested establishing guild courts and local governments to bring about amicable settlement of disputes, which arise among the people in day-to-day business and other activities. He was of the strong opinion that justice should be available to good people, guilty should be punished, and there should not be any unnecessary legal trouble for the people. This shows that Kautilya was aware about the transaction costs and its importance in business. Currently, out-of-court settlements are being encouraged in case of legal disputes. Moreover, at the village-level, *panchayats* are the best institutions to solve day-to-day disputes and problems. They need to be further given more autonomy in deciding such cases.

**(xxviii)** Kautilya advocated that administrators should be selected on merits only, and they should perform their duties with efficiency and integrity. The administrators are to be kept under constant vigilance through a chain of tests carried through the network of spies and other appropriate agencies. Confidential reports on them should be kept, and punitive action taken for any lapses found in the discharge of their duties. This is quite relevant even in the present Indian economic context, because India continues to be a bureaucratic country and efficient and honest bureaucracy is essential for promoting welfare of the country. In his treatise on Arthashastra, Kautilya does advise the King on several ways of protecting himself and several ways of acting against the enemy that are definitely manipulative and often unethical. However, within his own kingdom, he is a strong advocate for ensuring ethical behaviour at all levels through appropriate legal enforcements.

**(xxix)** Kautilya also prescribes modern concepts of human resource development through the constant training of character and discipline apart from professional training. Those who show excellence in their work must be suitably rewarded by giving incentives to them like promotion to high cadre, award of titles and honours. This is very much relevant today, especially in the context of government service. The private sector is known for giving importance to the aspect of human-resource management.

**(xxx)** Kautilya's views on town planning are brilliant. Kautilya was in favour of balanced regional development. The villages mentioned in the Arthashastra enjoyed all the healthy facilities necessary for mankind and served as the agricultural base, whereas the cities served as the business centers. He laid utmost importance on the cleanliness of towns/cities. Towns/cities should be properly planned; they should have proper drainage, broad roads, there should be proper vigilance and care to meet the fire hazards, and there should not be any scope for the haphazard growth of towns/cities. From the point of view of protection, and meeting mutual needs of the people, cluster approach needs to be adopted for the development of towns and cities. This prescription of Kautilya is very much relevant today for the Indian economy because in the last decade or so, India has achieved seven percent plus growth on an average and cities are growing very fast. However, the biggest problem facing the city administrators is that of solving problems arising from infrastructure. Urban infrastructure is now getting attention from everyone. Planning of towns and cities

is becoming very essential. In its absence, nuisances emerging from lack of planning will eat up the fruits of growth of cities/towns. More serious is the condition of villages. Most of the villages lack the elementary amenities of life such as drinking water, proper sanitation, housing, roads, etc. Many villages are the centers of dirt, dust, disease, dearth, ignorance and idleness. The emphasis should not be placed only on town planning, as villages cannot be neglected. Community projects, and national extension services have to occupy a place of importance in planning and welfare of the rural regions. Master plans, if implemented in the proper way, will certainly help in eradicating many economic and social evils of the people. In this context, guidance given by Kautilya can be very much useful.

**(xxxii)** Kautilya's prescription regarding efficient management of public sector enterprises through responsibility accounting, setting up an efficient system of financial control and information system, and instituting an effective material and inventory control system is relevant for the present day public sector enterprises. Of late, the government has been privatizing PSEs to make money. The Government needs to understand that PSEs are an important tool of control over the economy. They need to be better utilized to exercise control over a wide array of economic activities.

**(xxxiii)** Kautilya tried to establish guidelines for professional service providers such as weavers, washer men, boatmen, shipping agents, and even prostitutes. Modern states are still grappling with the complexity of setting such 'services' oriented guidelines and in that light, Kautilya's attempts to do so shows the sheer breadth of his vision at such an early point in history. He also established explicit guidelines for the practice of the medical profession, incorporating ideas that seem ahead of his time. All this is more relevant today, when the service sector is becoming important in terms of its contribution to the national income. It is high time that the government sets up guidelines for different service providers, considering all relevant factors, especially for very essential services like medical services.

## CONCLUSION

Arthashastra houses affluent wealth of intellectual economic prescriptions, which are very much relevant in the modern - day India due to their grounding in the Indian socio-cultural context and sound logic. The researcher strongly asserts that if these prescriptions are implemented in India, many of the present day economic maladies can be solved satisfactorily without depending much on the often tried & tested-but-failed remedies emerging from the western books. Kautilyan economics needs the government to stress more upon efficient use and redistribution of existing resources, taking into account both economic and non-economic factors and the dynamics involved therewith, before getting into the question of creation of new resources, which the present-day economics is preoccupied with. This calls for paradigmatic change of our understanding of economics as a science of scarcity from the narrow lenses of neo-classical economics.

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