



ORIGINAL RESEARCH PAPER

Economics

THE SCIENCE OF FINANCIAL MANAGEMENT IN KAUTILYA'S ARTHASĀSTRA

KEY WORDS: Arthasāstra, Management, Economic Governance, Public Finance

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ABSTRACT

The twenty-first century's emerging social, cultural, political, economic, and ethical values have encouraged a revival of interest in Kauṭilya's Arthasāstra, which is expected to gain more attention. During the last three decades, the science of Financial Management has grown exponentially. It is so because the growing scarcity of resources, both human and natural, will require better and more scientific Management of these resources. The Arthasāstra holds a lot of potential because it contains a lot of ideas and concepts that can be used in management science. The primary goal of this paper is to find solutions from Kauṭilya's Arthasāstra to the managerial challenges that today's economies encounter and assess the relevance of Kauṭilya's model in today's management science, particularly in India.

INTRODUCTION

Vast writing is available on *Kauṭilya's Arthasāstra*. Economists, political scientists, sociologists, writers on jurisprudence and ethics, psychologists and historians have given their commentaries on the art and science propounded by *Kauṭilya* in his epoch-making work "*Arthasāstra*" down the centuries and prominently in the 20th century.

The emerging social, cultural, political, economic, and ethical principles of the twentieth century have sparked renewed interest in this text. *Kauṭilya's Arthasāstra* is likely to gain more significance and encourage new interpretations and analyses in the 21st century if these dynamics that gained traction in the 20th century persist and become more significant.

During the last quarter of the twentieth century, the study of business administration, sometimes known as management, has seen significant expansion. In the twenty-first century, it is expected that this discipline will develop in prominence and scope. Thus, the increasing scarcity of human and natural resources will necessitate better and more scientific resource management. There is currently relatively little literature on *Kauṭilya's Arthasāstra* relation to management approaches. The *Arthasāstra* holds a lot of potential because it contains a lot of ideas and concepts that can be applied to modern management. The *Arthasāstra*, written by *Kauṭilya*, includes universal truths that transcend time and space.

The hypothesis is that *Kauṭilya's Arthasāstra* is extremely important in solving modern-day society's management challenges, particularly financial management. As a result, the primary goal of this study is to find solutions from *Kauṭilya's Arthasāstra* to today's managerial challenges in economics and to assess the applicability of *Kauṭilya* model in today's management, particularly in India.

THE ARTHASĀSTRA AND BUSINESS SCIENCE

All humans, animals, birds, and plants have relied on the land for their survival. The presence and livelihood of all fauna and flora depend on the land. The primary resource is land, from which all other resources flow. Its progress is the advancement of civilizations and those directly or indirectly reliant on it. This fundamental principle was recognized by earlier teachers (masters), and *Kauṭilya* collated and elaborated it in his epochal treatise, "*Arthasāstra*" (Kangle, 1960).

Wealth is generated from the land; therefore, the acquisition and development of land for material prosperity is the primary aim in *Arthasāstra*. *Kauṭilya's Arthasāstra* has stated that "Source of livelihood of men is wealth and the earth inhabited by men. *Arthasāstra* is the means of attainment and protection of the earth" (Kangle, 1960).

Thus, *Arthasāstra* is defined by *Kauṭilya* and prior teachers as the science of acquiring and protecting the earth, which is the

source of human livelihood. "Earth" or "land" refers to all of nature's resources. It also connotes an inhabited landscape, implying the existence of a nation-state. "Agriculture, livestock rearing, and trade" are defined as "economics". They are valuable because they produce grain, animals, money, forest products, and labour (Shamasastri, 1961).

The *Arthasāstra* contains numerous universal principles applicable to modern economic governance studies. The need of the hour is to resurrect and rediscover old concepts to validate present management theories and practices.

Only four sciences, according to *Kauṭilya* philosophy, the three *Vedas*, economics, and political science. One can understand spiritual and material well-being by exploring these sciences (Kangle, 1960). A thorough examination of the science of business management will demonstrate that these four sciences are fundamentally involved in the study of management. Philosophy represents various theories and principles of management; the three *Vedas* represent studies of business ethics and value systems; politics represents government rules and regulations and the philosophy of governance (Jha & Jha, 1998).

Economics consists of three occupations; agriculture, animal husbandry and commerce. They generate food grains, cattle, money, forest produce and labour. These things strengthen the king through a rich treasury and a strong army.

The science of management is divided into many functional areas: production, marketing, finance, human resources, etc. During the days of *Kauṭilya*, economic life was not so complex as we find it today. The functional areas of the economy were simple, based on agriculture, livestock, and trade. The three aspects of life are *Dharma*, *Artha*, and the *Kāma*. According to *Kauṭilya*, *Artha* is more essential than *Dharma* and *Kama* because *Artha* is the source of both *Dharma* and *Kama*.

NEW INFRASTRUCTURE CONSTRUCTION AND SUPERVISION

The essential condition for growth is the availability of enough infrastructure. It has been proved in the past and will continue to be valid in the future. The sole distinction is the infrastructure's kind and type, which changes. Settlement of the countryside and its suitable organizational structure, the establishment of pastures, woods for wild animals, and the construction of forts were the essential infrastructural items during *Kauṭilya's* time. Various administrative offices, land and waterway arrangements, construction of royal residences and other dwellings, well-planned city layout, stores and warehouses, mints, etc. Such infrastructure development will contribute significantly to the state's overall strength.

FINANCE

Primary Revenue Sources, there are seven types of revenue,

according to the Arthashastra:

1) Fort (Durg)

"The revenue from customs duties, fines, weights and measures standardization, the city superintendent, the mint, the passport superintendent, liquors, animal slaughter, yarn, oil, ghee, sugars, the goldsmith, the market establishment, prostitutes, gambling, buildings, the group of artisans and artists, the temple superintendent, and what is to be received at the gates and from outsiders are all included" (Kangle, 1960).

2) Country (Sitā)

"The trader, the river guard, the ferry ships, the port, pastures, road-cess, land survey, and thief catching are all included" (Kangle, 1960).

3) Mines (Khani)

"Gold, silver, diamonds, jewels, pearls, corals, conch shells, metals, salt, and ores originating from the earth, rocks, and liquids are the essential items under this category" (Shyam & Sunder, 2008).

4) Irrigation (Setu)

"Irrigation systems facilities provide revenues through floral gardens, fruit orchards, vegetable gardens, wet crop fields, and root planting" (Shyam & Sunder, 2008).

5) Forests (Van)

"This heading includes animal enclosures, deer parks, produce forests, and elephant forests" (Kangle, 1960).

6) Herds (Vraj)

"Cows and buffalos, goats and sheep, donkeys and camels, horses and mules fall into this category" (Kangle, 1960).

7) Trade Routes (Vanik Path)

"Land and maritime routes are among them" (Kangle, 1960).

Other sources of income exist besides these. "Some of them are price, share, surcharge, monopoly tax, fixed tax, manufacturing charge, and penalty" (Kangle, 1960).

EXPENDITURE ARTIFACTS

Expenditure components are stated clearly. "The royal balance, the kitchen, the employment of envoys, the magazines, the armoury, the warehouse, the store for forest produce, factories, labourers, the maintenance of foot soldiers, horses, chariots, and elephants, herds of cattle, enclosures for beats, deer birds, and wild animals, and stores of fuels and grasses are among these expenditures" (Kangle, 1960).

EXPENDITURE CLASSIFICATION

The expenditure has been divided into four categories:

1. Current spending what has been spent from day to day.
2. Receipts are helpful following a weekend, a monthly, or once every year.
3. Anything which results from these two.
4. Expenses caused because of current and future gains.

HUMAN RESOURCES

The Arthashastra outlines the responsibilities of several heads of departments and the heads of income and expenditure. It described the responsibilities of the department heads with such precision and complexity that one would wonder if an ordinary person could write it. It appears that a specific team of experts has been assembled for each department. The numerous reports have to be collected into a single book. All of the essential activities and professions of the time have been listed. These departments still exist today, and their numbers have expanded dramatically.

There is a reward and punishment system for both

outstanding and corrupt officers. The sum of the penalties has been set for various failures and corrupt practices by officials. Procedures have been established to reclaim funds that have been misused by governmental personnel. Spies should keep a close eye on official's activities and accurately report them. The administrators of today can learn a lot from Arthashastra.

ADMINISTRATION OF WAGE AND SALARY

According to the Arthashastra, if a worker refuses to work after being paid, he should be penalized and imprisoned until the work is completed. In the event of illness, another person will perform the work at his expense. "No job, no pay", says Kautilya both the employer and the employees are subject to the Arthashastra salaries and penalties (Shamastry, 1956).

ARTISANS AND TRADER SUPERVISION

The Arthashastra ensures that the different artists and professionals do not exploit the ordinary person with whom they interact daily. Ordinary artisans, weavers, washermen, tailors, goldsmiths, jewelers, doctors, actors, and dancers are among the renowned professionals named. "Three magistrates of ministerial rank carry out the repression of offenders. For any infringement of the standards set for each profession and the quality of their work, punitive measures and fines have been imposed" (Shamastry, 1956).

Similarly, strict guidelines for traders have been established to protect the general public from exploitation and misconduct. The markets superintendent is responsible for overseeing the operations of these traders.

TREASURY REPLENISHMENT

The Arthashastra proposes several techniques for increasing state revenue and maintaining the national treasury. The most common recommendations include obtaining a portion of grains based on land and irrigation. The percentage of tax levied on gold, gems, and jewelry, horses, elephants, cloth merchants, perfumes, wines, and medicines, wealth, temples, and fines for avoiding jail time. Many other goods, as well as their tax rates, have been discussed.

METHODOLOGY

With specific reference to Arthashastra, the study pursued the literature survey on Kautilya's ideas on the state, economy, management and public finance. Analytical methods were used to complete this analysis. The required data was primarily acquired from primary and secondary sources to meet the study's objectives.

CONCLUSION

The above analysis shows that modern business management and Kautilya's Arthashastra have many things in common. Contemporary researchers can study the relevant principles and policies laid out in the Arthashastra. Those researching in Kautilya's Arthashastra should also look into the present science of Business Management and make comparisons of both. Future researchers and the government will benefit from a constructive dialogue in the long term.

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