INTERNATIONAL JOURNAL OF RESEARCH AND SCIENTIFIC INNOVATION (IJRSI)
ISSN No. 2321-2705 | DOI: 10.51244/IJRSI |Volume XIII Issue VII July 2026

Kauṭilya's Vision of Bureaucratic Governance: An Analysis of the Arthaśāstra

Suchismita Ray[1]; Dr. Niranjan Sabar[2]

[2]Research Scholar, Utkal University, Vani Vihar, Bhubaneswar-751004

[1]Assistant Professor, Utkal University, Vani Vihar, Bhubaneswar-751004

DOI: https://doi.org/10.51244/IJRSI.2026.1307000099

Received: 10 June 2026; Accepted: 15 June 2026; Published: 30 July 2026

ABSRACT

The *Arthaśāstra*, attributed to *Kauṭilya* (also known as *Chāṇakya* or *Vișhṇugupta*), is one of the earliest and most comprehensive treatises on statecraft, administration, and governance in ancient India. It presents a highly organized bureaucratic system designed to ensure efficient governance, economic prosperity, and political stability. The text outlines a centralized administrative structure headed by the king, who is supported by a hierarchy of ministers, officials, and departmental heads responsible for various aspects of governance, including revenue collection, trade regulation, agriculture, defense, justice, and public welfare. The *Arthaśāstra* emphasizes merit-based appointments, accountability, and strict supervision of public officials. Detailed procedures for recruitment, performance evaluation, and anti-corruption measures are prescribed to maintain administrative integrity. *Kauṭilya* recognized the potential for misconduct among officials and advocated regular audits, inspections, and intelligence networks to monitor their activities. The bureaucracy functioned through specialized departments, each with clearly defined duties and responsibilities, reflecting a sophisticated understanding of administrative management. Furthermore, the text highlights the importance of record-keeping, taxation, resource management, and law enforcement as essential components of effective governance. The bureaucratic framework described in the *Arthaśāstra* demonstrates an advanced conception of public administration that combines centralized authority with systematic delegation of responsibilities. As a result, the *Arthaśāstra* remains a significant source for understanding the evolution of bureaucratic institutions and administrative practices in ancient India, offering insights that continue to be relevant to the study of governance and public administration today.

Keywords: *Arthaśāstra*, *Kauṭilya*, Bureaucracy, Public Administration, Government, Tax, Law, King, Ancient India, Statecraft, Administrative System.

INTRODUCTION

Aristotle accepts the government by the aristocracy as the best of the forms of government Aristotle's dealing with Revolutions and their causes, is very objective and provides a code of conduct for oligarchs and monarchs to keep themselves in power, when once power is gained and resorting to what is expedient and necessary, according to the nature of the situation. Espionage, employment of women spies, apparent manifestation of zeal in religion without making piety seem artificial and insincere, conferment of favours on devotees, infliction of punishment through the agency of magistrates and the law Courts, eternal vigilance against the hand of the

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[1] . Suchismita Ray[1], Research Scholar, Utkal University, Vani Vihar, Bhubaneswar-751004

[2] .Dr. Niranjan Sabar[2], Assistant Professor, Utkal University, Vani Vihar, Bhubaneswar-751004

assassin, and remorselessness in getting rid of traitors and malefactors were some of the methods however morally reprehensible were commended both by Aristotle and *Kauṭilya* as the necessary preservatives of authority. At the same time, both of them also state that the government should be rooted and grounded in the heart and will of the people and that there should be a pre-established harmony between the people and the government.

Again, according to Aristotle, the State is not an association existing for the protection of rights only, for the increase of wealth, for the development of trade and for the extension of Empire. The State is a union or brotherhood of equal men who are prepared to rule and to be ruled. The people are not brought together by force or fear, but are animated by a single aim to live the noblest life, of which man is capable, and they should be unimpeded in the exercise of the highest qualities moral and intellectual. Those only were capable of membership who could live for noble ends; those souls and bodies were not by nature complete, or inadequate to the great demands that were made on them of those who were marred by sordid or engrossing occupations, and could not become organic parts of the community, and were therefore fitted only for lower and ministerial functions. Aristotle excluded from population on the ground that their citizenship, certain classes of the employment were degrading and be made no secret of his contempt for manual and industrial labour.

Aristotle lays stress on the ubiquitous and penetrating influence of the state and the vast forces at its disposal. The State has the general task of regeneration. To this end, it must industrial and economic system and Marshall Men in new reorganize the whole industrial and economic system and marshall men in new groups and combinations assigning to each its special functions. The state is to minister to the souls as well as to the bodies of its citizens. The welfare of the soul depends upon the harmony of its parts and their unanimity as to which shall rule. Plato speaks that the individual city can never be happy unless it is drawn by those painters who copy a divine original. The well-being of the individual in this and the other world is determined by the principle or order which subdues the factors of disorder by the supremacy of the soul over the body and by the attainment of harmonious relationship between spirit and body and by the unanimity of the mortal and immortal selves within man, en-joining as to who shall rule. The spiritual and immortal part of man that lays down the law and is the defender of the community, as opposed to the appetitive part is postulated by Plato and Aristotle; and this corresponds to *Kauṭilya's* division of the social orders into *Brāhmaṇ*, *Kṣhatriya* and *Vaiśya* and the superiority of the sacred to the royal and *Vaiśya* communities.

Accordingly to both the thinkers, the State appears as the soul to the body, and by salutary restrictions, the State will withdraw the facilities for vice, and it will remove many existing temptations by raising the standard of material prosperity. The State is an organism round whom emotion and living sentiments could gather and the individual citizens could feel that the State was not extraneous to them but that it was always in close and organic and living association with them.

The System of State aid

The tendency all over the world has been today in the direction of The System of State aid, State enterprise and State intervention while in countries, like Russia, the State has become 'Universal' provider. There has been official interference in economic matters; only the depth and area of that interference at any particular moment have been determined by the exigencies of the government and the public opinion of the citizens.

In ancient India, there was an active encouragement to industries, agriculture and commerce by the State. The welfare of the State was promoted by abundant supply of raw materials as well as manufactured goods; and the state gave active assistance to agriculturists and manufacturers and to traders and merchants. It is remarkable the State's ideal of public and social duty towards the subjects was very high. The State-aid comprised of state's initiative in starting private industries, experimental in character, making the provision of expert scientific advice and commercial intelligence. The concept of State itself and the Coronation ritual in the midst of minute regulations of life and conduct and in the midst of a maze of ceremonials and elaborate rituals both indicated the importance of the duty of protection and promotion of the welfare of the people. The paternalistic interference was the goal of all state control and management. The State was to protect life and property and to further these material aspects of life. It had a monopoly in some of the important key-industries, as mining and manufacture of Salt. It gave direct assistance to weaving arts, agriculture, and dairy produce. It gave special protection to artisans and weavers, by imposing heavy penalties on those who did harm to any of these classes. The State remitted taxes under certain circumstances and exempted certain persons from the payment certain taxes, in order to encourage the production and supply of commodities.

From the earliest times the care for the economic well-being of the people was one of the foremost duties laid on the King. In the *Yajurveda*, the priest addresses the king before the inauguration. "0 Lord, here is thy kingdom; be thou its ruler and guide; remain steadfast in thy position thou art here to see that agriculture mayflourished and prosperity of the, people may be wealthy and that there may be proper nourishment of the people."[1] In the *Atharvaveda* a subject of *parikṣhat*, singing the praise of the sovereign, states that agriculture and husbandry were in a prosperous condition that peace and happiness reigned in the kingdom and that scarcity was hardly known.[2]

The essentially agricultural economy of the Vedic period reveals that great attention was given to all requirements of the agriculturists. The post-Vedic and Epic periods, when there was centralisation of th power in the hands of the monarch, were also the enterprise Age of guild enterprise, and of the transition from individual enterprise to that of way corporate activity; and this ultimately paved the the rise of State-control in economic organisation. Agricultural industry was still prominent, and stocks were kept in Royal granaries, to ward off public distress; and the king directed the retention of half the annual produce for the relief of distress; and provided poor persons with food and seed corn to enable them to start farming. There are references in the Buddhistic period to the Congregation of people of identical trades or occupations in the same areas and forming corporate organisations like *Gaṇa Śreni*, *Pūga* and *Sangha*, which were the best expression of the harmony between labour and capital. The king recognised the customs, laws and regulations, and even the validity of Jāti Dharma of the autonomous organisations.[3] These guilds had a chief *Jettaka*, *Pamukka*, sometimes *and Rāijavallabha*. In the later described as period, the guild leaders were known as *Mahāsetti*, *Anusetti*, *Uttarasetti* and these were rich capitalists and bankers who were held in high esteem by the town's men and kings.[4]

The *Mahāsetti* was the president of the Industrial and Banking organisations of the city, and he represented their interests in the Royal Council, and also acted as a Royal Servant, and Councilor and Advisor. Business contracts were sacred and were enforced by the State, and non-payment of debts was punished by imprisonment or reduction to slavery and in the case of the Buddhists, Ordination and admission to the Buddhistic Order was denied to those who were guilty of liabilities. All the sections of the community who were engaged in the production of wealth were taxed except *Srotriyas*, women of all castes, children before puberty, students and ascetics, diseased persons and low class servants. The artisans were protected from State exactions.

The king's functions were very extensive so as to include even finding out the means of subsistence for the people and help forward their economic interests, maintain those without means, and relieve distress. The State was more social than political, and there was State interference in the economic activities of the State. There were Royal Mines and Forests and there was State regulation of prices and profits. *Jātakas* mention of Aggha *Kāraka* as valuing everything on behalf of the King. Weights and measures came to be regulated by the State under the supervision of a Royal official. The State intervened with regard to labour problems and wages, and the *Dharmaśāstras* mention of stringent regulations to check the exorbitant demands of the person and for punishing all rural servants in tillage who abandoned their work and thereby caused losses to the employer. There were laws which were directed against mendicancy or beggary. At the same time, the labour classes were looked after; and artisans were exempted from taxation so that they might pursue their occupations without pressure from taxation. Manu says "there is no tax on a livelihood gained by art." Even the commercial classes seem to have received direct encouragement from the State.

It becomes clear from the study of the *Jātakas* and of the history of the post Buddhistic period, that the factors and forces that determined the policy of State-interference in the economic life of the people of the Mauryan period were being shaped and made operative during the centuries preceding the Mauryas. The other aspects of economic life that received attention and were cultivated and promoted in the Age of the Mauryas, refer to what the Epics describe as *Trivarga Dharma*, *Artha* and *Kama* comprising all human wants and desires underlying all human effort. The conception of *Pālana* peculiar to Indian thought, implies the direct active assistance to individual and group effort by the State as well as indirect assistance in the form of maintenance of peace and justice. The science of *Vārta* dealing with all the branches of production was given great prominence along with the study of sacred lore and *Ānvikshiki*. Both the *Rāmāyana* and *Mahābhārata* describe *Vārta* as the source of life,[5] as the basis or root of this Universe.[6] The king was described as a thief if he failed to carry out the contractual duty attached to his office. *Valshadbāg* at askara but, the King, who carried out his duties, was akin to divinity. He was the father and mother to his subjects and their greatest well-wisher *Rāja Mātā Pitāchaiva Rājā* Hitakaro *Nṛṇām.*

This paternal ideal of royalty dominating the Epics of the *Rāmāyana* and the *Mahābhārata* was employed as tour de force of the politics of the Unity and Solidarity of the *Rāṣṭra* during the Mauryan period. *Kauṭilya*, the prophet of the Mauryan State made the functions of the State more social and economic than political. *Kauṭilya* advises the State to give active assistance to agriculture by advancing not only seeds and cattle but also money.[7] The *Swāmi* shall construct reservoirs filled with water either perennial or drawn from some other source. He may provide with sites, roads, timber and other necessary things needed for construction of reservoirs.[8] The king should himself construct new irrigation works and canals and maintain them. The king shall carry on mining operations and manufactures and will set up market towns. He shall protect agriculture from the molestation of oppressive fines, forced labour and taxes, and he shall protect herds of cattle from thieves, tigers, and poisonous creatures and cattle diseases. He had to provide for pasture grounds and keep in good condition, timber and elephant forests, buildings and mines created in the past, set up new ones and establish manufactories to prepare commodities out of these raw materials. The Superintendents of metals 'Lohādhyaksha' shall carry on the manufacture of copper, lead, tin, mercury, bronze metal, sulphate of arsenic.[9] The manufacture of salt was a government monopoly. *Kauṭilya* seems to have been impressed with the importance of mines as the source of the Treasury, and therefore he enjoins on the king to create several departments of State, and meticulously to supervise the work of mines and manufactories *Ākāra* Prabhavah *Kośaḥ Kośādaṇḍaḥ Prajāyate* Prithvi *Kośabhushāna*.[10]

"Mines are the source of the treasury, from treasury comes the power of the Government, and the earth whose ornament is the treasury is acquired by means of treasury and the army."

To augment the resources of the treasury, *Kauṭilya* asks the king to encourage foreign trade and to exempt the traders from harassment of local taxes, and even being used for debts. Mariners and merchants who imported foreign merchandise were also to be favored with remission of trade taxes so that they may derive some profit.

Famine Policy

During Famines the King had to show favour to his people by providing them with seeds and provisions, encouraging emigration and agricultural projects and by protecting the agriculturists who were always regarded as sacred and inviolable and thus to be left unmolested even during wars. Irrigational work *Setubandha* containing perennial water was to be preferred to projects fed with uncertain sources of supply. Construction of tanks in barren tracts, wells, buildings for shelter, flower and fruit gardens, supply of materials to private persons for renovation of tanks, encouragement of the construction of reservoirs by private philanthropy, remission of taxes for those helpful in irrigation policy, administration of famine relief, subsidies and loan, in kind, to the distressed agriculturists, gratuitous relief, and diversion of National wealth for the amelioration of the conditions of the poor and the needy agriculturist and others were some of the main features of *Kauṭilya's* famine policy.

ISSN No. 2321-2705 | DOI: 10.51244/IJRSI |Volume XIII Issue VII July 2026

The States' policy towards labor was thorough and efficient. Those who conspired to lower the quality of the artisans, to hinder their income or obstruct their sale or purchase were punished; wages previously settled were to be paid and received as agreed upon and failure to pay wages according to contract, was punished with heavy fines.

The State controlled land and capital, labor and industry, nationalized and owned mines and industries and made adequate provision of subsistence for those who could not make a living or were out of employment, and thus it created an environment cf greater economic liberty and wider and more satisfying fellowship. The State's functions were unlimited and there were no assignable limits so far as the State aspired to be benevolent and helpful to the people intellectually, economically and socially. During famines, the king should show favor to his people by providing them with seeds and provision. *Kauṭilya* suggests the policy of thinning the rich by exacting excessive revenue or causing them to vomit *Vāmanam* their accumulated wealth; favor might be shown by distributing either the king's collection of provisions or the hoarded income of the rich; the king might cause his subjects to grow grains, vegetable roots and fruits where water was available.[11] Fruit bearing trees ought to be protected against molestation.

It is interesting to note that *Kauṭilya* who recommends firmness, courage and relentlessness in the King in the execution of policy is exquisitely tender with regard to flora and fauna of the land. Causing pain to quadrupeds and cutting off the tender sprouts of fruit trees and flower[12]trees and shady trees were a punishable offence. Plants which bore flowers, fruits or provided shade were under the special care of the State and this policy was an acknowledgment of the operative principle of *Ahiṁsā* which made no distinction between human and sentient beings and other forms of creation. The difference between human beings and trees and flowers were only one of degree and not of kind, in matters of feeling. Manu has said "*Tamasā bahurūpeṇa veṣṭitaḥ karma hetunā antaḥ sañjā bhavantyete sukhaduḥkha samanvitāḥ"*

Kauṭilya recognises the importance of Power in politics for the acquisition and maintenance of wealth, which contributes to the richness of social life and happiness. The attainment of Dharma Vimochana depends upon the pattern of human relationships evolved spontaneously within the society by Varna *Āśhrama* existence. The State of *Kauṭilya* has primarily a materialistic basis as when discussing the life of a saintly king, he observes that 'Wealth and wealth alone is important in as much as charity and desire depend upon wealth for their realisation'.[13]To *Kauṭilya* the science of *Vārta* was important, since on *Vārta* dealing with agriculture and trade, depended the power of the State to control its subjects and its external enemies.[14] *Kauṭilya*, in virtue of the etymology of *Vārta* says that Artha is the Vritti of man, and it means the whole of human activity. Artha raises the question of ends and *Vārta* that of means. *Vārta* comprehended within it, the most important divisions of economics in relation to practical administration as production, equitable distribution and convenience of transport. *Vārta* included agriculture, smithy, carpentry, and reservation of produce, weights and measures, prices, wages, and coinage, toll and transport, regulations weaving and other forms of domestic industry for old and helpless women, widows, girls and orphans.

Financial Administration

Kauṭilya devotes a large part of his work to a description of finance and of the financial administration, town planning and fortifications and the organization of a vast bureaucracy with thirty *Adhyakṣhās*, who constituted as the head of a highly complicated hierarchy of departments controlling the entire social, economic and religious activities of the people, and crowned at the top by *Swāmi*. The King is the apex of the pyramid and permeates the whole pyramid. There is an elaborate description of the organization of the State with its territorial divisions, each with a certain fixed number of inhabitants, and occupations, resources in cattle and land. "*Durgajānapadasatyā Britya karma Samudāya padena sthāpayet*".[15] The divisions began with *grāma*, the unit of administration and ascended to *Sangrāhama*, *Kharvatika*, *Dronamukha*, and *Sthāniya*, each had its administrative head exercising authority as the replica of the Central government and obediently carrying out into execution, the various forms of law as *Agna Lekha*, *Upagrahalekha*, and others.

Kauṭilya's ideas on agriculture, on the importance of mining, manufacture, trade and commerce in the economic life of the community were in advance of Aristotle and the Greeks, and the Romans who condemned commerce and trade and the taking of 'interest'. He was far ahead of the Schoolmen and the clergy of the middle Ages who condemned usury as opposed to the teaching of the Scriptures; ahead of the Mercantilists who held that the prosperity of the State could be kept up only by an excess of exports over imports, ahead of the Physiocrats who held that only agriculture was truly productive, and that the ultimate source of wealth and therefore, the revenue of the State should be raised by a single direct tax levied upon land. The system of taxation that *Kauṭilya* envisaged for the Mauryan State satisfies the canons of modern taxation and recognizes the relativity of economic doctrines. He anticipated the teachers of the Historical School, when he rejected the absoluteness or cosmopolitanism of Economic Theory. He did not believe that there was One Universal Law which is applicable to all conditions and all times. He held that economic laws should be adapted to the changing conditions of time and place. *Kauṭilya* was a State Socialist, in the sense that he stood for the maintenance of the authority of the State, for the extension of its functions and not for the overthrow of the government, and its institutions and thereby establishes a Socialist State. He regarded the maintenance of good government as a corollary of social welfare; he laid down rules for the control of manufactures and commerce, and to place them under the charge of Superintendents. Civil and criminal laws, both substantive and adjectival, were to be promulgated and administered. There were special measures to control labour and artisan classes and to promote their interests; and transgression of those rules and regulations were punished very severely. Like Aristotle's State, *Kauṭilyan* State was a Social Welfare State *Nātma priyaṁ hitaṁ Rājanaḥ*. *Prajānām* tu priyaṁ hitam. *Kauṭilya* says *Natyādhikārah Kāryasthe rājanaḥ priya hite rataḥ*. There was to be exploitation of land, mines, and forests to promote wealth; the State was to own industries and to plant new colonies, to develop trade and commerce, to control prices and to perform other things incidental to a prosperous economy and to an augmentation of the national wealth of the State.[16]

Kauṭilya was aware of the environment of the State and the resources it offered to human industry as mines, quarries, the products of wells and springs field and forest, fisheries of all kinds, and animals both wild and domesticated. He was convinced that a narrow range of production would fatally restrict progress in the arts and refinements of life; and that the growth of civilization and security could be possible only in countries having a class of men who possessed the time, the disposition and the means to observe and to investigate the various subjects upon which such growth depended, as the facts of nature and the laws of the human mind. As society could not move forward, if every man was intensely absorbed in the struggle for physical existence, what was imperative was the freedom of the men of leisure and of contemplation from the necessity of constant physical toil; besides there was to be sufficient accumulation of wealth. But wealth depended upon natural factors which did not compel man to undergo grinding toil to procure the means of material subsistence, but left sufficient time to indulge the disposition to investigate and create.

Accordingly, *Kauṭilya* regarded Artha as the supreme constituent of *Daṇḍa* and directed himself to a meticulous examination of its nature and content. He was not the Socialism which aimed at the modification or the destruction of the economic environment felt to be ethically evil, restrictive and oppressive, but at their improvement by specialized methods of economic resources,[17] of the country for human welfare. The *Adhyakaṣhayaprakaraṇa* mentions of Officers who had two-fold functions to perform; to carry on the administration of the kingdom and to undertake and manage industries and trade on behalf of the State. The State was the owner of machinery and livestock, and *Sitadhyakṣha* was the Superintendent of agriculture and was entrusted with the special duty of cultivating crown lands with the help of ordinary cultivators, landless labourers and Ardha Sitah, who paid one-fourth or one-fifth share of the produce as land rent. Nothing is said about the system of collection, but the Registers show that each cultivator paid direct to the official. The efficiency of the land revenue system was essential to the stability of government. Mauryan finance depended a great deal on land revenue and income drawn from royal domain and from the taxation on non-crown lands. There was qualified State landlordism.[18] There was the owner of the soil, and the land-was prepared for cultivation and was given to Karada tax-payers for cultivation and for life. *Kauṭilya* mentions of two kinds of

ISSN No. 2321-2705 | DOI: 10.51244/IJRSI |Volume XIII Issue VII July 2026

tax as *Bhāga* land revenue and *Udakabhāga*. seems to have existed private ownership of land also, as implied in the right of alienation by sale or mortgage.[19] *Kauṭilya* speaks of *parabhumi* for constructing buildings on sites belonging to others. The State encouraged the settlement and formation of new villages by inducing the surplus of any one area to migrate from the thickly populated centres, or by inducing foreigners to emigrate. The revenue consisted of *Shadbhaga*, water rates, octroi, tolls and custom duties.

The King's duty was to protect agriculture from the molestation of oppressive fines, forced labour and taxes.[20] Reserved, protected and unclassified forests were all a State monopoly;[21]elephant forests and those producing teak, Palmyra, bamboo, creepers, hemp, birch, rope material yielding plants and other things belonged to the king. Medicinal herbs, poisonous plants, skins of animals, plants yielding coloring material, bones, sinews, horns and hoofs of animals, metals as copper, lead, tin, bronze and utensils of bark, cane, clay, chemicals and ashes exclusively belonged to the Swami. Industries were worked with a view to manufacture, out of these products, articles for ordinary consumption and for warfare; and those who transgressed Industrial and Labour Laws were punished.

The revenue from minting of gold, silver and copper was great.[22]Mines were the other sources of the replenishment of the treasury.[23] There were ocean and land mines and these were a State monopoly and were worked either directly by the State,[24] or jointly by the state and private companies. Permission was granted in some cases to Private ventures. It was the duty of the State to keep old mines in good order and to open new ones, and the king had to appoint officials for the working of the mines. The income from mines was derived from *Mula*, *bhāga*, premium of 5 percent, *parigha* testing, a share from the manufacture of goods from minerals, Atyaya *Śulka*, tolls, octroi, and vaidharana compensation for interfering with royal monopoly, and profits of coinage *rupa* and *rupika*.[25]The State enhanced its income from mines by manufacturing armaments, implements and weapons of war.[26]

The State reserved both mining and commerce in minerals and in mineral products, as a monopoly and the King was advised to carry on mining operations so to avoid financial embarrassments due to a depleted treasury.[27]There was a regular government monopoly in salt, and adulteration of salt was punished with the highest amercement, whether the guilty were *gṛihasthas* or *vānapasthas*. A Superintendent of Storehouses supervised the manufacture of oils; an officer collected tolls on merchandise, imported or exported. The *Sūtradhyakṣha* was to employ qualified persons to manufacture threads, clothes and ropes. Even mail armour were produced.[28]Those who manufactured fibrous cloths, silk raiment, woollen cloth and cotton fabrics were rewarded.[29] Labourers working overtime were given extra payment. Widows, cripples, girls, and mendicants were employed and special rewards were given for working on holidays.

The Superintendent of Liquor had to centralise or decentralise the sale of liquor according to demand and supply. The manufacture of liquor ferments and *Āsavas* was popular and though there was encouragement to drink, indecency and indecorous behavior were severely punished. The State had a monopoly in liquor and private manufacturers were fined.

The Superintendent of Marines was to collect customs from fishermen, and passengers;[30] Ferry fees of all kinds indicated a brisk commercial life.[31]The king exercised his right of ownership with regard to fishing, ferrying and trading in oceans, rivers, reservoirs and lakes. The Superintendent of Commerce, *Paṇyadhakṣhya* was to secure home markets for the sale of the products of State manufactures and to provide facilities for their sale. Foreign articles were also imported and these came from China, *Kāmarupa*, *Pāṇdya*, *Siṁhala*, Kerala, Barbara and other countries. All foreign goods paid *Vartanam*[32] at the entry to the State harbours; *Dvārādaya* was also paid by merchants for import of commodities. *Kauṭilya* says that both kinds of merchandise imported and exported shall be favourably sold to the people, so that there is no large profit which is likely to harm them. *Kauṭilya* regarded cornering of goods and the organization of trusts with the object of cornering foodstuffs and commodities, as a serious evil, and ordained severe punishment for those merchants who united either to prevent the sale of merchandise or to sell or purchase commodities at higher prices.[33]The State regulated the system of prices and profit by allowing a general profit of five per cent over and above the fixed price, in case of local commodities and ten per cent in the case of foreign produce. The State regulated the profit of the middlemen by punishing tendencies to enhance or lower prices. The losses incurred by merchants were made good by the State. Other sources of income were guilds of artisans and handicraftsmen, corporations and others which claimed special privileges. Undesirable foreigners *Bāhirikas* had to pay a tax to enter[34]the city. The Census department helped the imposition of a small cess on every member of the family. There was a systematic registration of births and deaths and each house with its history, occupation, income and expenditure, found its entry in the State Register.

The income tax from actors, dancers, musicians, jugglers, sooth sayers, *Gaṇikas*, *Rupad*āsis and prostitutes was a large part of the revenues of the State. Taxation was not progressive but proportional and like the agronomy of Athens designating the price which each prostitute should take according to her class, the *Rupajīvis* collected their fees from their visitors. An Excess profits Tax also was collected.[35] There was a general sales tax levied on sales in general. Auctioneers had to pay a tax on the sale and purchase of buildings.[36] When traders enhanced the value of the land or buildings, the increase over the usual price belonged to the State. The Superintendent of Slaughter houses collected taxes from butchers and meat-sellers and regulated the supply and sale of meat. The Superintendent of Gambling centralized gambling and regulated its operation. Pilgrims likewise had to pay *Yātrāvetana*. There were fixed benevolences and people had to pay for acts of affection: *Praṇaya Kriyā*. All these illustrate that the State was over zealous in the collection of revenue from all possible sources so that the wealth so accumulated might be spent on the protection of the State from external and internal danger, and on social services and productive enterprises, as building of forts, roads, plantation of colonies, of villages, asylums, orphanage and educational institutions.[37]

The greatest vigilance and effective control were exercised by chief officials of State who also scrutinized the State income and expenditure. A formidable system of espionage was organized to ensure security against internal enemies, and against attempts to frustrate the benevolent policy of the king. There was constant replenishing of the treasury for a deficit followed by a depletion of the treasury was a signal to disaffection and to invasion from without. The governors of *Takṣhaśila*, Suvarnagiri, Ujjain, Kalinga, *Toṣāli*, and *Samapā*, and officers designate as *Samāharta*, *Sthānika* and *Gopa*, *Rajjukas* and *Prādeśikas* who were the heads of *Janapada Vibhāgas* and Dronamukhas and *Khārvetikas*, all were enjoined to keep eternal vigilance, and assist Government undertakings to keep the Treasury full.[38]

One finds in Aristotle's writings the great thoughts and reflections that have animated and moved the Races of mankind through the Ages. *Kauṭilya*, like Aristotle, the father of European Political Science, thought also in terms of eternal verities, developed a science of public finance and public administration out of the merest rudiments, and gave to the world the *Arthaśāstra* , a work of enduring value and universal application. *Kauṭilya* was even more advanced than Aristotle, in his economic ideas, for while Aristotle and the Greeks condemned interest, trade and exchange, *Kauṭilya* recognized their use and importance in the economy of national life. India was linked with the rest of the world and was placed on the main currents of the world's movements, as a result of Alexander's invasion. *Kauṭilya* saw the disintegration of economic and political ideas of the country, as a result of rapid transitions from a predominantly agrarian economy to a well-balanced agrarian and industrial economy; and equally, rapid fluctuations in the sources of revenue and the decline in agricultural taxes and the increasing importance of customs and income tax. The country had to suit its economy to the developing conditions of Mauryan rule.

Kauṭilya's Treatise, judging even from modern standards, is an authoritative Text on public finance, and perhaps, the only work of its kind in classical antiquity, unique, brilliant, objective and farseeing. Public finance is the mainstay of the *Rāṣṭra*, for all under-takings depend upon finance[39]and from the Treasury come the power of Government and the earth whose ornament is the treasury, is acquired by means of Treasury and Army.[40] A king with a depleted treasury will eat into the very vitality of both citizens and the country people.[41]

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The Treasury depended on revenue and taxes which were regarded as the wages of the Sovereign, for services rendered, in the protection of the people and the maintenance of law and order. It is significant that a tax did not mean in the time of *Kauṭilya*, as it means today "a compulsory contribution made to the State, independent of any immediate quantitative relations or not, between the tax paid by the individual and the service rendered to him by the State." The relationship was one of Contract[42]between the king and his people, and this contract theory of taxation, consistent with Aryan Dharmic tradition, was a unique and distinctive feature of Indian public finance. This relationship was so vital and sacred that the subject was entitled to claim refund of taxes, in cases of, even partial failure of protection. The *Pauras* and *janapadas* were even prompted by the king's tenants to ask for concessions and remission of taxes, if their territories were violated by raids, or if they were molested by barbarians. The tie of allegiance was deemed dissolved the moment the King failed to fulfill his duty of protection, and the subject was free to employ another master instead, or to threaten to migrate to the enemy country and transfer his allegiance.[43]*Kauṭilya's* Theory of Taxation was more like the modern theory of prices which is charged by a public authority for specific services rendered and commodities supplied by it. Taxes are paid compulsorily, but prices are paid voluntarily by private persons who enter into contracts, expressed or implied, with public authorities.

The Theory of Taxation propounded by *Kauṭilya* stood the test of modern criticism in so far as it satisfied the canons of and principles of taxation. The tax was certain and not arbitrary, and the time of payment, manner of payment, the quantity to be paid were all clear to the contributor and to every other citizen of the State. The land revenue was fixed at one-sixth share of the produce; import and export duties were fixed on an ad valorem basis. The general rate of import duty on foreign goods was 20 per cent or one-fifth of their value: likewise, merchandise imported or exported, was liable to payment of tolls on the same basis.[44] Transit duties, such as road cess, and ferry charges were fixed and discrimination was shown only in cases of goods borne on the list.[45] There was absolute certainty with regard to amount of tax on trades and professions and all tolls were determined after careful consideration.[46] All arbitrary exactions were condemned. It was a recognized principle that taxes should not be realized in a painful way or mode, and must be levied in proper time and place, just as fruits are gathered from a garden as often as they become ripe.[47] Revenues are to be collected as often as it becomes ripe and the citizen should not be made to feel taxation as burden-some; 'and the remissions and exemptions from taxes in certain cases were also based on the same principle. The government servants who increased the King's revenue by economic management were offered permanency of tenure of service and other inducements, and it was a strict injunction that collectors should conduct the work of revenue collection in such a manner as to decrease expenditure and to increase revenues.'[48] A significant aspect of *Kauṭilyan* theory of taxation is the emphasis on equity and justice in taxation, and the requirement that the citizens of the State should contribute towards the support of the government as nearly as possible in proportion to their respective abilities. *Kauṭilya* realized that those who are rich have a large tax-able capacity and those who are poor have less taxable capacity. Accordingly, the system of land revenue together with water rates was governed by the canon of benefit, and the rate of tax was in-creased in proportion to irrigation facilities offered by the State.[49] Ferry charges and toll dues, head charges on goods carried by men or quadrupeds conformed to the canon of equity in taxation. Remission and exemptions as measures of relief in times of distress like-wise, recognized the principle of justice in taxation. Learned *Brāhmaṇas* women, minors, students, diseased persons, dumb and blind, because of their incapacity to acquire property or make profits were exempted from taxation. But the Brahmans engaged in occupations proper to inferior castes, had to pay taxes.[50] A special Record of the remissions and exemptions was kept by the revenue collectors.

There were two distinct classifications of revenue of the State. The first source of public income was derived from capital, such as excise duties, cotton goods, oil, liquors, metallic manufactures: taxes on ware-houses, guilds of artisans and duties collected at the gates. The duty varied from $\frac{1}{10}$ to $\frac{1}{20}$ and was fixed in view of the nature of the commodity. The income from country parts consisted of produce of State lands Situ, a share of produce payable to the Government *Bhāva*, by private individuals, religious taxes *Bali*, taxes paid in money Kara, and taxes paid by merchants, Superintendents of ferries, boats, and pasture grounds, *Vartani*. The third

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source of income was from mines. Nine kinds of income were derived from mines: The output of mines *Mūlya*, a share of the output of mines privately owned *Vibhāga* the premium of five per cent *Vyādhi*, the testing charges of coins *Parigha*, tolls *Sulka*, fines, *Anyaya*, compensation for losses entailed on the King's commerce *Vaidharana*, fines according to the gravity of the offence *daṇda*, coinage charges *Rupa*[51] and a premium of eight per cent *Rupika*. There were receipts from public works, flower gardens, fruit gardens and wet fields. The forest revenue was derived from the lease of forest lands for game or for sale of timber. The income from pastures consisted of dues paid to the State for grazing herds of animals, cows, horses, goats, sheep, asses, camels, and mules. The income from roads and traffic *Vaṇik* Patha consisted of tolls payable on land-routes and water ways: *Vaṇikapatha Vāripathacha*.[52]

What strikes as most modern and corresponds to the modern system of classification of revenues and constitutes as significant and on original contribution of Kauṭilya to the study of public finance is his conception of tax revenue and non tax-revenue. Under in the tax revenues are placed, land revenue and taxes on commerce. The tax revenue included taxes that arc fixed, one-sixth of the produce, provisions paid by the people for the army, taxes paid for religious purposes, subsidies paid by vassal kings, and half yearly taxes *Bhādrapadika* and *Vāsantika*, taxes paid on the occasion of the birth of the Prince, presentations to the king, marginal taxes, compensations and taxes paid on land below tanks. The taxes on commerce included custom duties and duties on sales, taxes on trades and profession, and direct taxes.

The second head of non-tax revenue included produce of crown lands, sale proceeds of grains and the collection of interest in kind, or grain debts termed *Prayogapratyādānam*, profitable exchange of grains, barter, grains collected by special request: *Prāmityakam*, grains borrowed with promise to return the same *Āpamityalcam*, profits of manufacture undertaken by the State, such as beverages, extraction of oil, manufacture of sugarcane *Sākta*-karma *Kṣhāra*-Karma.[53]There were certain minor sources of public income as interest on capital lent, escheats, and fines, confiscations of property and arrears of revenue. Land tax and custom duties and excise duties on sales, formed the most important items of public revenue, and this was effectively maintained by the injunctions that the commodities should not be sold at the place of manufacture lest they should escape the tax on sales.

Land revenue was a principle source of income, and the King was never regarded as the owner of the land and he never claimed a right to the unearned increment of the land. Raja was only a *Bhūmi Pathih* only in so far as he was to protect it and no more. As protector, the king was entitled to derive taxes from both land and water. The proprietary right of the sovereign derived no right from ancient lands and institutions of the Aryans, and was not recognised as exclusive or incompatible with individual ownership *Kuṭumbinām*.[54] There were different water charges for lands with different irrigation facilities. The domestic and foreign commerce were centralised and then distributed in several markets for sale. Commodities sold at the place of manufacture were liable to lines. The merchandise was marked with the State Stamp *Abhignāna Mudrā* in Sindhura or vermillion, as a mark of identification, in order to detect counterfeit.

Harmful or fruitless commodities were shut out, and those which were of special use were let in free of toll.[55] There were commodities intended for marriage. Goods taken by the bride from her parent's house, *Anvāyanam*, commodities taken for the purpose of sacrificial performance. For confinement of women, *Yagnakṛtyā Prasavanimitiikam*, for w worship of gods, for ceremony of tonsure gift of cows and other special kinds of gifts were free of toll. Restrictive excise duties were also levied with the object of reducing harmful consumption of intoxicants, and *Kauṭilya's* objective was a high pressure of taxation coupled with continuous restriction of the facilities for obtaining intoxicants. There was minute control of liquor traffic by elaborate rules, and the sale was restricted to particular persons and to fix times and any small infringement was punished. Families were allowed *Śveta Surā*, White liquor for use in diseases, and the use of liquor for a period of four days were allowed on the occasions of festivals. A toll of five per cent of the value was levied on all liquor other than that of the king. Fines as high as 600 papas were imposed on all offenders and spies were stationed in shops to ascertain whether the expenditure incurred by customers in the shops was ordinary or extraordinary. Certain

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professions as those, of actors, dancers, musicians, rope dancers *Plavaka* jugglers *Sambhika*, heralds and prostitutes, *Gaṇikas* were controlled in the interests of public morality, and they had to pay poll taxes, as slaves, laborers, prisoners and *Bahirikas*: tribes of foreign origin, paid to the State. The salt tax was an important source of revenue and the tax was collected both in the form of rent at places of manufacture and in the form of shares of the produce *Lavana Bhāgam*. The tax was imposed on salt manufactured at home, and on that imported from abroad.

Kauṭilya devotes a few sections of his *Arthaśāstra* for war taxation and introduces during period of emergency, an element of arbitrariness into his financial system. Times of famine, stress and war called for emergent contribution, for self-preservation was the main consideration, on such occasions and all else being subordinated to one Supreme objective. *Kauṭilya* realized that economic life exhibited a continuous organic growth and thereby he affirmed the relativity of economic doctrines and concepts. Accordingly, during times of crisis, land revenue was raised from $\frac{1}{6}$ to $\frac{1}{4}$ grain was demanded in large quantities as well as cotton fabrics, silks, medicines, vegetables, fruits, fish and skins. Goldsmiths, prostitutes, merchants and traders, and even heads of religious institutions had to pay a heavy toll and were not exempted. Only learned *Brāhmaṇas*, women. Forest tribes and those who did great service in construction of fortifications and buildings were exempted from payment of extraordinary dues.

Kauṭilya advises the *Swāmi* in times of war to resort to war loans and other expedients. *Kauṭilya* says in his sections *Koṣabhisaṁharana* that the Collector General shall seek subscriptions from citizens and country people; persons taken to Commerce shall publicly pay handsome donations; wealthy persons may be requested to give as much of their gold as they can. Those who of their own accord or with the intentions of doing good offer their wealth to the King shall be honoured with a rank in the Court, an umbrella or turban or some ornaments in return for their good *Yathopakāram Vā Svavasā Vā Yadupahareyuḥ! Sthanāscchatra Veshtinā vībhūshachaisām Hiranayena Prāyachet*.

These demands of the King were not intended to be repaid and they were perpetual debts. But such demands had to be made only once and never twice. The bureaucracy was highly complex machinery, and wealth had to be distributed among them equitably in order to preserve the tranquility of the kingdom. These were ministers, *Amātyas*, *Mahāmatrās*, Superintendents of several departments, officers in charge of boundaries of land and forts, revenue collectors, chamberlains, astrologers, soothsayers, story-tellers, bards, spies, Commissioners, *Gaṇikās*, servants, *Yuktās*, *Upayuktās*, *Rajjuki* and *Prādeśikās*. All had to be paid commensurate with their ability, the hazardous nature of the work and the service they rendered to the king. *Gopas*, *Sthānikas*, surgeons, physicians, and messengers were endowed with lands, which they had no right to alienate.[56] They were also given quarters to live in the North or the East of the Capital. There was grant of subsistence and wages to dependents of those who died while on duty.[57] The King undertook tours every year for the purpose of inquisitorial inspection. Enormous sums of money were spent on the Royal Household '*Avarodhana'*[58] The priest, sacrificial priest, Teacher, Heir-apparent. Mother of the king and the queen were all paid 48,000 *paṇas* each. Playmates of the king, learned men and king's chamberlain and attendants were paid 1000 each; and the display of Royal splendor at *Pātaliputra* compared with similar display at Susa, Ecbatana, which were the Capitals of Persian rulers.

The solicitude of the King towards his people was like that of the father to his children.[59] The religious life of the people was supervised by Dharma *Mahā Matras* and *Vustas* who were sent out in the time of Ashoka as missionaries. The king constructed places of pilgrimage and for the retirement of *Vriddhas* and *Tirthas*, like *Pūṇyasthāna* and *Ārama*. These were also known as *Vihāra Yātrā*, later converted in the time of *Ashoka*, to *Dharma yātrā*. The King spent large sums of money on public feasts, *samājas*, *utsavas* and *vihāras* which were all modes of public entertainment organised with the object of harnessing loyalty to the sovereign while overtly they were festivals in honour of gods and ancestors.[60]

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