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**Shelly Shrivastava**  
Associate Professor,  
Department of Economics,  
Government PG College,  
Noida, Uttar Pradesh, India

**Anita Mishra**  
Associate Professor,  
Department of Sociology,  
Government PG College,  
Noida, Uttar Pradesh, India

**Corresponding Author:**  
**Shelly Shrivastava**  
Associate Professor,  
Department of Economics,  
Government PG College,  
Noida, Uttar Pradesh, India

## **Kautilya and Gandhi: The relevance of their economic thoughts for the contemporary Indian economy and society**

**Shelly Shrivastava and Anita Mishra**

### **Abstract**

Countries all over the world have opted for western economic thought and rapid industrialization for development. However, this policy gave birth to many socio-economic problems such as unemployment, exploitation of labour, overuse of resources, pollution etc. Hence, a need arises for the change in policy and asserts the need for an indigenous model catering the needs of the local people. In India, Kautilya and Gandhi were two great scholars whose economic thoughts still hold relevance. The paper makes an attempt to analyze the economic thoughts of Kautilya and Gandhi and bring out their relevance for the modern Indian economy and society.

**Keywords:** development, welfare, Kautilya, Gandhi, economy, society

### **Introduction**

Economic development has been at the center of economic planning worldwide. India is not excluded from it. During the 21st century, policy of rapid industrialization and western economic thoughts were adopted for the development of the country. A materialistic approach promoting more and more consumerism came in vogue. Economic policy in 1991 further boosted the industrialization, use of capital-intensive technique and entry of foreign companies in the country. Though the massive globalization and industrialization resulted in fast economic growth, it gave birth to many socio-economic problems in the country such as unemployment, exploitation of labour, overuse of resources, pollution, downgrading of small-scale industries, dependency on foreign sector etc. Hence, there is a need of brainstorming whether the policy adopted so far should be the one that will take India forward or a change is needed for a more inclusive, peaceful and self-sufficient development. The economic shock in any part of the world affects countries all over the world, due to extreme globalization. Major economies of the world have kickstarted the process of isolating themselves from the global economy or opting for the reverse globalization and have, thus, started imposing restrictions on foreign trade. The time has come when India should rethink its developmental model and adopt the economic thoughts and strategies laid down by Indian thinkers and economists, Kautilya and Mahatma Gandhi, to attain the materialistic goals along with the welfare of the people and society.

### **Objective of the study**

The objectives of the study are

- To study the economic thoughts of Kautilya.
- To analyze the economic thoughts of Gandhi.
- To bring out the relevance of the economic thoughts of Kautilya for the modern Indian economy and society.
- To discuss the relevance of the economic thoughts of Gandhi for the modern Indian economy and society.

### **Review of Literature**

Bhatt (2013) <sup>[1]</sup> states various ideas of Kautilya in the field of political science and economics. He states basic features laid down by Kautilya for successful running of a state.

Anand (2007) <sup>[2]</sup> establishes the importance of economic ideas of Kautilya as the very first one in the field of economics. Pandey (1991) <sup>[6]</sup> discusses Gandhian views on economic development and how to attain it. Pyarelal (1977) <sup>[10]</sup> describes the doctrines which are established by Gandhi for the welfare of the people. He analyzes the different thoughts of Gandhi for human life. Sharma (1992) <sup>[15]</sup> states that Gandhi established the economic thoughts in totality.

### **The economic thoughts of Kautilya and their relevance for the contemporary Indian economy and society**

A legendary scholar and a proficient economist, Kautilya had a mastery in the field of political science and economics. Due to his sharp and in-depth understanding of the functioning of the state, he played a major role in the formation, functioning and growth of the Maurya Empire. 'Arthashastra,' a text written by Kautilya in the 4th century BC, is a benchmark in Indian economic history. Though Kautilya is considered a pioneer in the field of economics, his book discusses political economy and not pure economics. He has not established any specific principles of economics but while discussing the functioning of the state, describes various economic requisites for a successful and a strong nation. Kautilya in his treatise laid certain principles regarding good governance, administration, politics, war science, economy and several other areas related to the efficient working of the state and well-being of its people. Some of the economic ideas given by Kautilya and their relevance today are as follows:

#### **Welfare**

Kautilya has brought about various principles for smooth functioning of a strong nation but the foundation of all the thoughts is the public welfare. He states that there should be a strong government, sufficient finances and a qualified army but the king must ensure prosperity, justice and security of the nation and people. (Bhatt, 2013) <sup>[1]</sup> According to him, the welfare of the King lies in the welfare of his people. All the policies adopted aimed at public welfare. He advocated the welfare of all, be it human or animal. Nowadays the welfare of the citizens is at the center of the policies and measures adopted and executed. More emphasis is to be given to increase welfare by reducing unemployment and poverty, ensuring food security and social security, improving the condition of women and the backward section and area of the nation, ensuring supply of goods and services at fair prices etc.

#### **Consumer Protection**

Consumer protection is an aspect related to the welfare of the people and the interests of the consumer were always in Kautilya's mind. There are many references, in Arthashastra, of consumer protection against the exploitation by traders and retailers regarding the quality, measurement, short weight and adulteration of goods. Consumers are the king of the market and hence, the government should work towards the protection of their interest which will enhance the welfare of the people.

#### **Agriculture**

Kautilya describes three types of occupation in the society which were agriculture, animal husbandry and business, out of which agriculture was regarded the topmost occupation. (Bhatt 2013) <sup>[1]</sup> Agriculture was considered to be the basic

source of new wealth creation and land revenue to be the largest source of income of the state. The duty of the development of agriculture was assigned to the state and community. The state protected the farmers from the exploitation by the traders through fixing the price of agricultural produce. In recent times also, the state should play a major role in protecting the interest of the farmers by deciding the minimum and fair prices, making availability of inputs at reasonable prices and working towards their welfare as a large percentage of population is engaged in agriculture in India.

#### **Trade**

Kautilya recognized trade to be an important source of wealth generation for the state. Though he assigned importance to import of goods produced economically outside but at the same time advocated levying heavy taxation on luxurious goods (Tanwar, 2014) <sup>[16]</sup>. Internal trade was considered more important than external trade and trade of goods was permitted only after fulfilling the needs of the countrymen. Kautilya advocated the self-sufficiency of the economy not dependent on foreign trade (Bhatt, 2013) <sup>[1]</sup>. These aspects of trade hold relevance even for today's India. The government should try to attain self-sufficiency and trade should be permitted only after fulfilling the local needs. This will help in controlling the increasing prices.

#### **Taxation**

Kautilya assigned utmost importance to the rich treasury to manage the activities of the state. For the wealth and well-being of the state and its people, Kautilya had supported a fair and efficient system of taxation. According to him, taxation should be such that both the state and tax payer can survive. He advocated that tax should not be excessive so that tax evasion can be avoided. An economy can advance only when the tax system is just and fair, promotes economic growth, uses resources efficiently and at the same time provides enough revenue to the state. He supported the expansion of the tax base instead of increase in tax rate. Direct and indirect taxes were levied and he advocated the ability to pay approach for taxation. All these thoughts can act as a guiding principle for the system of taxation in the modern economy of India. As per Kautilya, the establishment of a successful state depends upon the efficient fiscal management. Along with taxation, Kautilya emphasized public expenditure on productive activities and welfare of the people. India can manage its fiscal deficit through the principles advocated by Kautilya. Public expenditure should be controlled and it should mostly be on productive activities and for public welfare.

#### **Wages and infrastructure**

Kautilya recognized and supported an efficient wage system which enabled the worker to get appropriate wages as per their productivity. There were laws to protect the rights of labourers regarding tenure and fixation of income. Kautilya emphasized the development of the infrastructure as it was necessary for promoting trade activities and the development of the state. The transport infrastructure was given highest importance since it can be helpful in promoting production activities and increased accessibility to new markets. To attain the objective of a welfare state, the condition of labourers should be improved and their interest should be protected, in present times. Development

of infrastructure has been a major component of the government budget in India. The maintenance and development of transport infrastructure needs attention.

The above economic thoughts of Kautilya indicate that he tried to maintain a perfect balance between state management and public welfare. He defines 'Economics as the most important aspect as it provides the basis for human existence and survival'. These economic thoughts, covering almost all the aspects of an economy, were extracted from his views on the political system.

### **Gandhian economic thoughts and their relevance for the contemporary Indian economy and society**

The other eminent Indian thinker and scholar, whose economic thoughts hold relevance for modern Indian economy and society, is Mahatma Gandhi. Gandhi was not an economist; however, his ideology reflects many economic ideas which can be of great help for the socio-economic transformation of India. Gandhi is one of the greatest social and moral thinkers of who followed the principles of truth, non-violence, non-Cooperation to achieve his goals. He advocated the idea of Gram Swaraj, Swadeshi, Trusteeship, dignity of labour, limitation of wants and promotion of small- scale industries. Some of the doctrines propagated by Gandhi are as follows:

#### **Gram Swaraj**

The word Swaraj means self-rule and self-restraint. It meant that people of the village would be so empowered that they would control all the activities themselves instead of being controlled by others. Gandhi asserted that, "My idea of village Swaraj is that it is a complete republic, independent of its neighbour for its own vital wants and get interdependent for many others in which dependency is a necessity. Thus, every village's first concern will be to grow its own food crop and cotton for its cloth" (Pyarelal, 1977) [10]. Gandhi supported self-sufficiency in villages; he suggested that every village should be independent in fulfilling the needs of food, cloth and other basic needs of its residents. For this he advised the promotion of village or small- scale industries which would provide employment and would also contribute towards village self -sufficiency. He favoured Cooperative farming, spinners cooperative and cooperative cattle farming for achieving the goal of self-sufficiency. The concept of Gram Swaraj holds relevance even today in India. Gram Swaraj can address problems like poverty, unemployment and low productivity of agriculture. As per the idea of self-sufficiency of villages, propagated by Gandhi, The villages along with satisfying the needs of food, shelter and cloth, should also be self-sufficient in providing employment to all its residents. skin should be strategized and implemented as per the need of the area and its people. Gandhi suggested that the landlords and village committee should ensure that landless labourers get sufficient wages to accomplish their primary requirements of food, clothing and shelter. Cooperative farming, on the one hand will reduce individual risk, indebtedness and contribute in improving the standard of living on the other hand it will increase agricultural productivity, thus, help in reduction of poverty.

#### **Swadeshi**

According to Gandhi, "Swadeshi is that spirit in us which restricts us to use and service our immediate surroundings to

the exclusion of the more remote" (Sharma, 1992) [15]. He said, "I refuse to buy from anybody, anything however nice or beautiful it is which interferes with my growth or injures those whom nature has made my first care" (Prabhu, 1960) [8]. He emphasized that local producers should use local resources for production and buyers should buy the commodities produced locally which would result in the better use of soft local raw material and manpower, promote employment, reduce poverty, increase equitable distribution of income, ecological balance and co-operative living and thus, in the successful establishment of decentralized self-sufficient economy. The Government of India, too, is promoting the concept of Swadeshi in its planning. More and more emphasis should be given to the local industries and services which will result in providing maximum employment and income to the residents and promote equality and justice.

#### **Trusteeship**

Trusteeship was another idea of Gandhi which can contribute in attaining economic equality. According to him, "If somehow, an individual had more than his proportionate share, he was a Trustee of that portion for God's people" (Patil, 1983) [7]. He advised that people should adopt non-violent ways to persuade the better off towards the progressive common sharing of the wealth of the society so that everyone has enough for fulfilling one's need. He asserted the fact that excess property belonged to the whole society. Though the capitalists have earned more than the poorer section, they should spend this on the welfare of the vulnerable section of the society. The principle of Trusteeship, if followed today, can create a cohesive environment in the economy where landlords and landless labourers, capitalist and workers, haves and have-nots share a mutual trust for each other promoting economic equality in the Indian economy and Society.

#### **Sarvodaya**

Gandhi believed in the concept of Sarvodaya, which means development and welfare of all. He emphasized the development of all classes and castes, all religions, each and every area, women, workers and farmers. Education and health Services should be promoted to curb illiteracy and diseases, resulting in the upliftment of all. The Indian government, too, is adopting the approach of inclusive development which includes each and every section of society and economy and works in a way that all attain the benefits of economic growth and development.

#### **Small scale industries**

Gandhi never favoured large-scale production which is the cause of concentration of power and wealth, exploitation of workers, profit oriented, promotes capital intensive technique, and area specific development. To counter these evils, he advocated the establishment of small-scale industries which will promote decentralization of economy, use of labour-intensive techniques, generation of employment, self -sufficiency, eradication of poverty and development of all areas. Since Gandhi was against such mechanization which made the population unemployed, he asserted the need of an appropriate technology which promotes employment. He talked of developing Khadi, Handloom and handicraft industries. India, at present, needs to promote the small-scale industries which will be helpful

in the development of the backward regions, creation of employment opportunities, reducing inequality, development of villages and decentralization of economy.

### Education

Gandhi developed the idea of a new system of education which would contribute to the "all round drawing of the best in child and man, body, mind and spirit" (Pandey, 1991) [6]. He didn't believe in the education given by books only. He supported vocational education and training which would not only make the youth employable but will also develop the economy. It would result in the skill development of the masses. He suggested that education should be according to the needs of the local people which will be helpful in making the education system more productive and useful. There is an urgent need of vocational education for present India to increase the employability of the youth, reduce unemployment and promote economic growth of the country.

### Women

The condition of women has been a cause of concern in India. The discrimination against women has resulted in an inefficient use of human resources and hence, obstructed the development of the economy. Gandhi advocated an equal status for both men and women. According to Gandhi, "In a plan of life based on non-violence, woman has as much right to shape her own destiny as man has to shape his" (Gandhi, 1959) [3]. He suggested that women should contribute to all nation building activities. The government of India is continuously striving for the empowerment of women since they constitute a major part of the population. To attain the goal of inclusive growth, social justice and equality upliftment of women is essential which in result will promote development of the society and the economy.

### Health and Sanitation

Gandhi dreamt that villages should be free from dirt and darkness and it should be free from all diseases. He asserted that it is the duty of the social workers to maintain public health, hygiene and sanitation by explaining the simple rules of health and hygiene to villagers (Patil, 1983) [7]. It is necessary nowadays to adopt this approach of Gandhi and promote cleanliness in the country. Municipal corporations in urban areas and village panchayats in rural areas must ensure health, hygiene and sanitation. Participation of the local people should be promoted for the success of the goal.

### Conclusion

Kautilya and Gandhi are two great thinkers, whose economic ideas still hold relevance. Though they have not exclusively given any economic thought but in the process of explaining the successful functioning of the state, these ideas evolved. The basis of their economic thought is welfare of people. This factor should act as a guiding principle for the government in modern times to attain an inclusive, peaceful and self-sufficient economy and society. Gandhi has talked about the attainment of economic goals by the government but along with that he has also shown the way of Salvation for the people of the country. The people of such a society and economy will succeed in satisfying their needs along with attaining moral goals.

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