

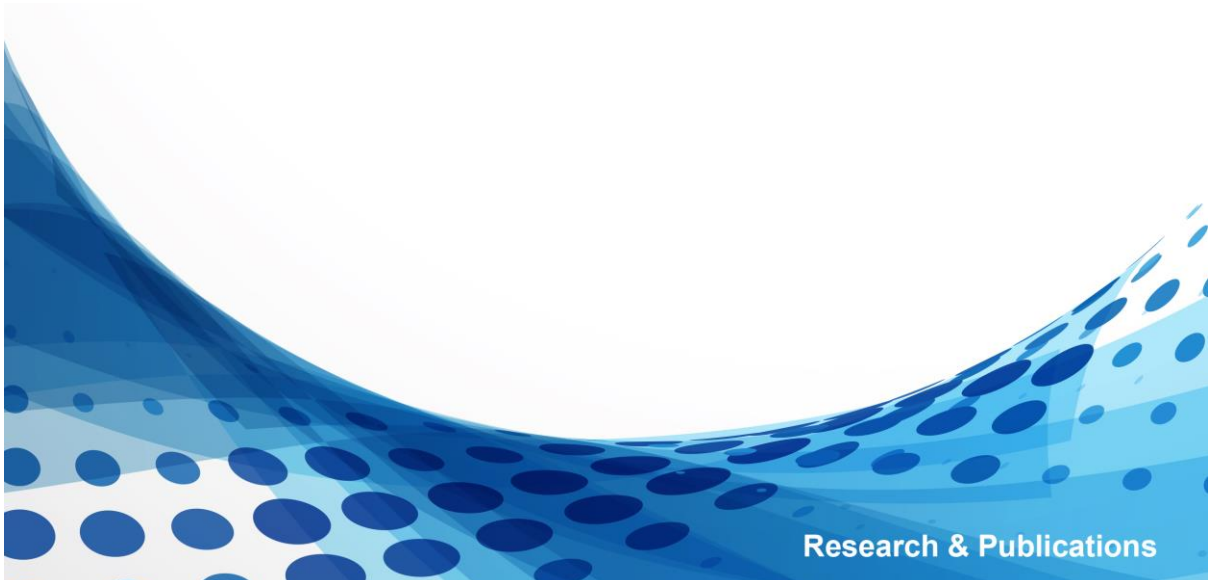


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Tracing Economic Policies to Ancient Indian Economic Ethics

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Tracing Economic Policies to Ancient Indian Economic Ethics

Satish Y. Deodhar

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ABSTRACT

Science without history is like a man without memory. The colossal history of India stores many ideas on economic ethics and public policy which have been forgotten in the course of time. This paper is an attempt to bring to the fore, contributions from ancient Indian treatises. In this context, the paper briefly summarizes alternative economic ideas such as communism, capitalism, and the holistic approach of ancient Indian writings. I discuss the idea of the welfare brick for an individual consisting of three dimensions – Purusharthas, Ashramas, and Varnas. Given the contours of the welfare brick, next I discuss the concept of state and its economic policies, followed by coverage of markets, prices, interest rates, and credit. Thereafter, I delve into treatment of land, property rights, and guilds and unions, with special attention to labour relations covered in Arthashastra and Shukranitisara. The penultimate section summarises the economic advice author of Shukrantisara offers to the head of a household. Finally, in concluding comments, I bring out the relevance of ancient Indian writings for modern times – both for pedagogy and economic policies.

Key Words: Ancient Indian Treatises, History of Economic Thought, Vedas, Upanishads, Mahabharata, Ramayana, Arthashastra, Shukranitisara, Narada, Bhishma, Kautilya, Shukracharya, Science of Political Economy, Sanskrit.

JEL Classification: B11, B15

1. Introduction

Greek philosopher Aristotle had said that tragedy as a form of theatre has a beginning, a middle, and an end. A playwright makes an effort to complete all “in one revolution of the sun”. However, epics are, he said, unlimited in time! The epics he was referring to were the Iliad and the Odyssey written down in Homeric Greek. Going by this logic, in stark contrast, ancient Indian treatises such as Ramayana and Mahabharata are super-epics. In the words of Amartya Sen (2005, p.3):

The ancient Sanskrit epics the Ramayana and the Mahabharata, which are frequently compared with the Iliad and the Odyssey, are colossally longer than the works that the modest Homer could manage. Indeed, the Mahabharata alone is about seven times as long as the Iliad and the Odyssey put together.

The oral tradition of the Indian epics goes back to about 1000 BCE and the events mentioned in the epics go much further back in time. In fact, ancient spiritual treatises such as the Vedas were already created as part of oral tradition by the second millennia BCE and were formally written down by the first millennia BCE in Sanskrit. Moreover, the signposts of Sarasvati-Sindhu civilization which existed in the Indian subcontinent in the fourth millennia BCE are also found in modern times. Relics found at the excavated sites include seals sporting images of swastika, man in yogic posture, sacred bull, and peepal tree which show continuity of the symbols through Vedic period onwards to modern times. The continuity is also expressed in the excavated finds such as bangle-wearing woman’s statue, ash urns, public baths, and animal imprints of elephants and rhinos.

The literature that followed after the Vedas and the epics is also very vast. The sea of literature includes Upanishads, Puranas, treatises on mathematics, physical sciences, medicine, and, yes, even the science of political economy. Arthashastra and Shukranitisara are the two extant ancient Indian treatises on the science of political economy. Again, in contrast, Spengler (1980, p. 93) informs that the work on economic issues titled *Oeconomica*, which is attributed to Aristotle’s is a mere seven-page work. Mostly written by his peripatetic disciple or disciple’s student, the work suggests how Aristotle may have conceived of ‘economics’, and it mainly concerns with household management and political science at a city level. The Indian treatises, in this context, have always been written in relation to the subcontinental geography of India. In the layers of multi-millennial continuity of history and geography, one finds mention of multiplicity of heroes, villains, teachers, thinkers, social scientists, and rishis of various hues

with human and/or godly qualities. The continuity is so colossally old, that someone has unwittingly said:

नद्यः प्रभवः ऋषेश्च कुलं न अन्वेष्टव्यम् ।

(Never look for the source of a river and ancestry of a rishi.)

This is true both figuratively and literally, for it underscores the antiquity of the Indian subcontinent. There have been many generations of sages, kings, philosophers, and lawmakers over the millennia, and, sometimes quite a few have had same names in different epochs of time. And, of course, in a literal sense, if tracing the exact source of a river is always a difficult proposition, in the course of time, some rivers have undergone change in their course or disappeared underground as has happened with the ancient river Sarasvati in the Indian subcontinent.

With passage of time, the colossal history of India, therefore, began to fade from the memory and ancient India's contribution and its applicability to modern times began to get unnoticed. This is true of science of political economy as well. In fact, Karl Marx and his colleague Friedrich Engels defined an Asiatic (read Indian) mode of production as one which belonged to the pre-history of civilization preceding even the ancient epoch! According to them, this epoch had no private property, no markets, no worker guilds, and no progress! As we will demonstrate later and which has also been documented elsewhere, their description of ancient India was quite orthogonal to what the facts show (Deodhar, 2019; pp. 62-65). Two celebrated textbooks on economic history, namely, History of Economic Thought by Eric Roll and History of Economic Analysis by Joseph Schumpeter are also completely silent on India. They have made references to Old Testament, New Testament, Greco-Roman contributions, Mercantilists, Physiocrats, and Classical economists, but not a word on ancient Indian economic thought.

While reviewing Schumpeter's book, University of Chicago economist, late Frank Knight had rued that why Indian economic thought was not even mentioned in the otherwise grandly conceived book. The neglect continues today. An American economist Mark Skousen (2016) remarked in his book that before Adam Smith, "Six thousand years of recorded history had passed without a seminal work on the subject [read economics] that dominated every waking hour of practically every human being." Clearly, there was a need to scout all ancient Indian treatises in general and those on science of political economy in particular, to collate ideas of economic ethics therein, and bring out their relevance for the modern economic policies. And that precisely is the *raison d'être* of this paper.

Towards this end, the paper is organized as follows. I summarize the approaches to economic thought in Section 2. Life objectives, life stages and professions are discussed in Sections 3 and Section 4. The idea of state and its economic policies are covered in Section 5. Issues related to prices, interest rate, and credit get addressed in Section 6. Thereafter, I delve on land, property rights, and the concept of guilds in Section 7. Labour relations as brought out in Kautilya's Arthashastra and in Shukranitisara are covered in Section 8. The penultimate Section 9 brings out the importance attached to family as a unit of analysis in Shukranitisara, and, in Section 10 concluding comments are made highlighting the importance of ancient Indian economic ethics to modern economic policies.

2. Approaches to Economic Thought

Conventional Approaches

From the times of industrial revolution that occurred during the late 18th century and early 19th century, two strands of economic thought were vying for acceptance. One was the socialist and communist strand expounded by Karl Marx and Friedrich Engels. With the life of industrial workers becoming very strenuous under the factory system that emerged out of the industrial revolution, Marx's clarion call, "Workers of the world, Unite, you have nothing to lose but chains!" became very attractive. His call was based on the premise that under factory system there will be an eventual collision between workers and bourgeois factory owners. Soon, workers' trade unions will demand higher wage-rates and better working conditions, and the contest would result in riots and revolts (Marx and Engels, 1848, pp. 19 & 34). His ultimate prophesy was that dictatorship of the proletariat (read workers) would evolve and a higher level of communism will run the society on the principle, "From each according to his ability, to each according to his needs."

The taste of the pudding was in the eating! Soviet Union, the bedrock of communism disintegrated about three decades ago and the East European countries too followed suit by giving-up communism. Lack of free speech, ban on religious and spiritual pursuits, and absence of market incentives had resulted in the political and economic collapse of communist-style dictatorial regimes. And today, the maverick communist China follows an extremely repressive dictatorial regime turning its citizens and workers into modern-day serfs. Moreover, religion and spirituality, an integral element of guidance for ethical behaviour among individuals and institutions, is banned in China. Under the overarching strong controls of the dictatorial communist party, however, capitalism is tolerated to function surreptitiously.

Capitalism is the other strand of the economic thought. It works on the principles of market incentives, utility maximization for consumers, and profit maximization for firms. However, the unidimensional objectives of utility maximization and profit maximization coupled with market incentives may not guide society to achieve holistic welfare. Life objectives are much wider than that. Increasingly, family members are engaging among themselves as economic agents! Wholesome family relations of the past are dissected into separate economic transactions. Grandparents may be sent to old age homes for a fee, children may be sent to boarding school for a price, and many of the conjugal needs of spouses can be met away from home, with kids expected to fend for themselves and grow up early! While exogenous shocks to the world economy cause recessions and stagflations, many of these shocks are due to unethical behaviour on the part of economic agents. For example, negative impacts on economies due to the corporate sub-prime crisis of 2008 and Ukraine-Russia like wars are clearly due to the greed of the species, homo economicus (economic man). And often, the ethical and existential concerns of environment and sustainability get short-changed in the market mechanisms. Although, latest contributions in behavioural economics are beginning to address these issues.

Ancient Indian Holistic Approach

The ancient Indian literature falls in two categories – Shruti and Smriti. The former is considered as the sacred literature revealed to and by the ancient sages. The latter consists of contributions by men and women mostly on secular matters. Kautilya's Arthashastra, a treatise on science of political economy is a Smriti literature. Kautilya himself asserts that his contribution was a received knowledge based on treatises written by his predecessors. Among a few other, he refers to works by Brihaspati and Shukracharya. Unfortunately, the original contributions of these authors are lost or not rediscovered yet. However, an abridged version of Shukracharya's treatise titled Shukranitisara is available (Deodhar, 2022). In fact, there are other treatises predating Shukranitisara and Arthashastra which throw light on economic ethics. Treatises such as Vedas, Upanishads, Ramayana, Mahabharata, and quite a few other secular texts comment on economic aspects including but not limited to the canvas of science, life objectives, life stages, life occupations, concepts of state and economic policies, provision of public goods, market facilitation, prices, interest rates, taxes, treatment of labour, and land issues.

Ancient Indian thought on economic matters has taken a holistic approach to life. An individual's life and that of a society operates against the canvas of four Vidyas (sciences).

Kautilya had identified four sciences, which, in his opinion, covered all branches of learning known at that time (Kangle, 1965). The first was *anwikshiki* or the philosophical sciences, both theistic and atheistic, which deal with logic, reason and the inquiry of the soul (Vidyabhushan, 1921). The second was *trayi* or the first three Vedas that invoke the spiritual good. The third was *vaarta* or economic livelihood, which includes agriculture, animal husbandry, trade and commerce, and money-lending. And the fourth was *dandaniti* or political administration. Applying means of reasoning and keeping spiritual good in the backdrop, Kautilya attempted synergizing economic well-being and political administration in *Arthashastra*.

If some of the Indian literature has expounded modern economic concepts many millennia go, some other literature has given a much more holistic approach to economic life, which modern economics has been ignoring. The holistic approach to economic life goes beyond conventional modern concepts of utility maximization and profit maximization as the sole unidimensional objectives of a household and a firm, respectively. Given the canvas of four Vidyas, a householder's life is viewed through a three-dimensional welfare brick. The first dimension is the Purusharthas (Life Objectives), the second is the Ashramas (Life Stages), and the third is the Varnas (Life Occupations). Purusharthas are four-fold – Dharma (righteous conduct), Artha (acquisition of wealth), Kama (artistic pleasures and love), and Moksha (liberation). These objectives are to be achieved as one passes through four-fold Ashramas – Brahmacharya (life of a student), Grihasthi (a householder), Vanaprastha (retirement), and Sanyaas (renunciation). Apart from the life-stages, life-objectives are also influenced by the four-fold Varnas – Brahmana (knowledge seeker), Kshatriya (warrior, politician & security personnel), Vaishya (businessperson), and Shudra (artisan, cultivator, and serviceman). Thus, a person chooses any one particular combination at a point of time from among 64 (4x4x4) choices that unfold before him or her. In fact, recent contributions in the field of behavioural economics have started paying attention to this multidimensionality of human life.

3. Purusharthas (Life Objectives)

Dharma

Among the four objectives of life, Dharma refers to righteous acts, truthfulness, non-injury, environmental sustainability, and charity. References to follow dharma are replete in ancient Indian literature. In the Sanskrit play *Mrichhakatika* (Little Clay Cart) by Shudraka written circa 5th century CE, a poor and humble protagonist Charudatta is wrongfully accused

of murdering a beautiful courtesan Vasantasena. In Act 10, Verse 27, Charudatta is famously quoted as saying (Tripathi, 2002; p. 598):

न भीतो मरणादस्मि केवलं दूषितं यशः ।
विशुद्धस्य हि मे मृत्युः पुत्रजन्मसमो भवेत् ॥

This translates to, “I do not fear death. I merely fear the besmirching of my good name. If I die upholding my moral conduct, I consider it equivalent in joy to birth of a child.” Further going back in time, in Ramayana, Rama advises Bharata to follow the dharma of a Kshatriya (judicious rule) while reigning the kingdom of Ayodhya in his absence. Even Kumbhakarna, before fighting against Rama, pleads unsuccessfully to his brother Ravana to follow his dharma and avoid conflict with Rama. In Mahabharata, Krishna advises Arjuna to shed weakness of mind, follow his own (swa) dharma as a Kshatriya, and wage a war to avoid an imminent greater calamity later.

Acts of daan (charity) are considered as dharma in ancient literature. Going back to most ancient sacred text from India, the Rig-Veda, the authors mention that death comes in various ways even to the well-off persons and wealth comes to them like the rolling of a cartwheel. Therefore, the wealthy people should help the poor who become their friends in future troubles. There was not religious injunction to do charity, but it was suggested as an act of dharma. It was considered as a voluntary act with an appeal to reason and empathy. In Kathopanishad, Nachiketa the child tries to convince his father Vajashrava to do charity without any conceit. In the epic Mahabharata, Krishna too advises Arjuna that charity which is sattvik, i.e., done without any expectations of returns is dharmic. In West Asian traditions, however, charity seems to have evolved as a mandatory religious tax. Donations, called as tithe or tzedakah in Christian and Jewish faiths, respectively, which amount to one-tenth of income being taxed as charity, seem coercive in nature. Similarly, in the Islamic tradition, zakat is a religious tax of 2.5 per cent of a household’s wealth.

Practicing sustainable lifestyle that protects nature and earning profits that are ethical and just, was also part of the righteous conduct. Hinduism has had five tiers of divinity. These tiers are – 1) Brahman, which is the universal consciousness without form and attributes, 2) Gods and goddesses, which are a medium to focus on and seek solace from struggles, 3) Rishis, saints, and preachers, 4) Parents and teachers, and 5) Animals, trees, and celestial objects. In particular, the fifth tier ensures symbiotic and sustainable relation between human beings and nature. If Puranic avatars and their sequential reincarnations create reverence for evolution of

species and respect for life forms, veneration for sacred groves in jungles ensures afforestation efforts and maintenance of natural balance. Celebrations of many festive occasions on full moon days (e.g., Guru Purnima), new moon days (e.g., Maha Shivaratri), and Ashtamis (e.g., Krishna's birth) create an understanding and respect for cyclical nature of celestial bodies of the universe, including the Earth that we live in. Similarly, encouragement for vegetarian diet, apart from its appeal to minimize violence, is an endorsement of the scientific view that we need to save water, avoid deforestation, and minimize carbon footprint for sustainable living.

Artha and Kama

The other two objectives of life artha and kama, i.e., material acquisitions, and artistic pleasures and love, were also given due consideration in ancient Indian literature. In fact, the Puranic iconography of Lord Ganapati and his family offers a seamless transition from dharma to artha and kama. Lord Ganapati represents knowledge or technology. He has two wives Riddhi and Siddhi and they represent abundance (supply) and fulfilment (demand), respectively. Moreover, Lord Ganapati has two sons named Shubha (honourable) and Labha (profit) and a daughter named Santoshi (satisfaction). The purport of the iconography is that given the technology and demand and supply, a seller should make profit, which is honourable, and, in turn it should result in consumers' satisfaction. Then there are other witty quotes from the authors of Rig-Veda regarding desires. To give a few examples from it, the authors say that we all follow desires like cows follow one after the other, like a frog looks forward to a flood, and just like a priest seeks worshippers (Deodhar, 2019; p. 24). Imagine, it is acknowledged that even a priest has desires!

And then, there are other references in Rig-Veda which celebrate Artha and Kama. In the Dice Hymn, Chamakam Prayer, and Shri Sukta; authors of Rig-Veda emphasize that acquisition of material wealth is important and it must be sought through right means. In Mahabharata there is an incident, where Yudhishtira wants to renounce wealth and not rule the kingdom. It is then that Arjuna advises Yudhishtira that wealth is important, for along with it come a myriad of things such as the ability to learn, a sense of dignity, courage, joy, pleasures, and religious acts. An extreme adherence to Artha and Kama was suggested by a person named Charvak. Charvak lived a few centuries before Kautilya wrote his Arthashastra circa 4th century BCE. He propounded a hedonistic philosophy which focused on seeking happiness in this world at any cost, for he neither believed in heaven and hell nor cycle of birth, death, and rebirth. Alongside, books had also been written on performing arts. Two treatises titled Nata Sutras representing two different Vedic branches were written detailing performing

arts. Carrying those ideas forward, Bharat Muni wrote Natya Shastra circa early part of the common era, and this treatise has remained an important source of modern schools of classical music, dance, and drama in the Indian subcontinent.

Moksha

Finally, if one conducts oneself judiciously in terms of Dharma, Artha, and Kama, then one leads oneself to Moksha. So Moksha is a judicious combination of the first three Purusharthas. But how does one know what is a judicious mix? – Moksha is related to Karma theory which ensures addressing what the modern economics calls the problem of Moral Hazard. If an agent's actions are unobservable by the principal, that may lead to shirking by the agent. This moral hazard problem was witnessed by Henry Ford when he introduced mass assembly-line production. To ensure that workers do not shirk, he doubled their salary and informed that if he finds anyone shirking, he/she will be fired immediately without any opportunity for complaint redressal. By doubling the salary, he had basically increased the opportunity cost of shirking. Moksha concept being tied to Karma theory is a similar mechanism. Moksha is freedom from the cycle of birth, death, and rebirth, where individual soul (Atma) unites with the universal soul (Parmamta). A judicious practice of dharma, artha, and kama can lead to moksha through the vehicle of Karma theory. Karma is a system of morality automated by divinity. There are fair rewards (Punya) for good actions and punishments (Paap) for bad acts. An individual's actions result in 'fruits' – Paap (demerits) and Punya (merits).

Like a basket of fruits containing good and bad fruits, Sanchita Karma is the accumulation of paap and punya up until previous life. Some of the fruits, good and bad, fall in the current life and one experiences good and bad events. Good and bad events happening in current life can be ascribed to Prarabdha Karma, which is due to some of the good and bad fruits falling in current life from previous life. Therefore, one need not get disheartened, for the bad results cannot be blamed on current life actions. Moreover, even if bad events occur in one's life, one must continue to do good things, for they add to the Sanchita karma, the basket of good and bad fruits for the future life. Thus, there is always an incentive to do good things in life. Unlike in the western traditions, there is no external God who is watching you and would send you to heaven or hell at the time of judgement. Karma theory is an automated system by divinity, where no external god is required to monitor one's actions. And yet, the incentive system is such that you would want to do good things in life. Therefore, Mahatma Gandhi had famously said, "After creating the theory of Karma, God could retire.!" Presence

of Karma theory and Moksha concept is an incentive for society-members to conduct themselves ethically. It addresses the moral hazard problem. In practical matters, therefore, it potentially creates less administrative burden on judiciary and police administration.

4. Ashramas and Varnas (Life Stages and Occupations)

Ashramas

One never swims in the same river twice! While attempting to fulfil the four objectives of life, one goes through four stages of life (Ashramas). One may weigh the four objectives of life a bit differently in different stages of life. In student life (Brahmacharya), one is expected to concentrate on learning and building capacity. The second stage is that of being a householder (Grihasthi), where one is expected to earn livelihood for oneself and family-members and lead family welfare. The third stage is that of retired life (Vanaprastha), where one lives off one's savings but continues to enjoy life and give elderly advice to family members. Finally, the fourth stage is that of Renunciation (Sanyaas), where one has to give up on worldly activities of life. Ancient writer Vatsayana mentions a life of 100 years spent equally among the four ashramas with Artha and Kama being more focused during the Grihasthi. Shukranitisara refers to an active life of a household for about forty-four years post brahmacharya before retirement sets in (Deodhar, 2022, p. 30).

With hindsight, dividing a person's life into four stages was an early proto-economic expression of the life cycle hypothesis propounded by the modern-day economist Modigliani. Modigliani refers to a person's life-stages where he or she lives on borrowed money as a student, earns income during his household stage, and lives off the accumulated savings during the retired life. The idea behind the life cycle hypothesis is that of consumption smoothing over one's entire life, an idea that had been expressed in ancient Indian writings. Of course, while the stages of life are primarily biologically driven, ancient Indian literature is replete with examples where the choice of Ashrama was a voluntary act in its functionality. That is, many sages like Adi Shankaracharya, the renowned saint poet of the eighth century CE, chose Sanyaas very early in life, skipping Grihasthi and Vanaprastha stages to focus on philosophy and spirituality. And then, there are many others who choose early retirement in their life or indulge in conspicuous consumption throughout as if there is no tomorrow! Therefore, apart from the biological age, the choice of Ashrama can depend upon one's aptitude towards life.

Varnas

The third dimension of the welfare brick is the Varna. Varna is an economic expression of division of labour among four-fold classification of professions – Brahmana (knowledge seeker), Kshatriya (warrior, politician & security personnel), Vaishya (businessperson), and Shudra (artisan, cultivator, and serviceman). As pointed out by Nadkarni (2003, p. 4785-80), this classification was a way of ensuring distributive justice among four sources of power – namely academics, politics, capital, and land. In Mahabharata, one finds discussion between two sages Bharadwaj and Bhrigu on Varna. Bharadwaj says that if the four Varnas cannot be identified separately since all of them emit sweat, urine, faeces, phlegm, bile and blood; they also cannot be identified separately since all of them possess lust, wrath, fear, cupidity, grief, anxiety, hunger and toil. While the same Brahman (universal divinity) has created them and they mingle among themselves, they get distributed into different orders in consequence of their acts. Muir (1879, pp. 260-64) and Daniélou (1993) also confirm that in Book VIII (Anushasana Parva) and Book XII (Shanti Parva) of Mahabharata, one gets a message that birth, initiation, bookish knowledge and/or descent did not decide a person's merit. It was the expressed conduct, qualities and virtues that determined one's merit, and there was no superior Varna.

The sacred text Gita conveys the same by saying that Varnas are formed based on guna (aptitude) and karma (deeds) of an individual. Millennia later, Adam Smith concurred when he said that the difference between a street porter and a philosopher is not a cause of division of labour. It is rather, a consequence of it, which may arise due to education, customs and habits. Ambedkar (2014, p. 287) also mentions in his collected writings that a guru would conduct Upanayana (commencement) ceremony for students at the end of twelve years of learning in his ashrama (residential school). The guru would bestow Varna on pupils based on their aptitudes and learnings developed over the twelve years. Ambedkar had acknowledged that Varna was not a hereditary concept, either in status or in occupation. He has given quite a few examples from Vedic literature, where sages such as Raikva, Janashruti and Kavasa Ailusha were admitted to ashramas for learning and that they had a socially disadvantaged background. Rishi Aitareya who wrote Aitareya Brahmana and Rishi Parashara both were from disadvantaged backgrounds. So was the case with Rishi Jabala and Tamil sages Thiruvalluvar and Bhakta Nammalwar. Many more came from such obscure backgrounds.

Over the entire lifespan, a householder passes through various stages of life and attempts to meet the four life-objectives appropriate to each stage. In doing so, one is also

guided by the choices of professions one makes over time. One can choose to be anywhere in the welfare brick as per the innate abilities, education, training and other environment one finds oneself in. It is for this reason that it behoves on the governments at various level to make sure that basic minimum education and public infrastructure is made available to all in the society. Thereafter, over his or her lifespan, an individual can choose for himself and herself where he or she wants to be in the welfare brick. This approach to economic life is quite unique and holistic. Those interested in knowing how Varna system slipped into modern day castes, where William Jones created a myth about Indians being a progeny of one of the cursed sons of Noah; and, how a proponent of a flawed race science, Sir Herbert Risley created a list of about 2400 'castes' based on an equally flawed nasal index, may refer to the book Economic Sutra (Deodhar, 2019; pp. 84-88).

5. Ancient Indian Idea of State and Economic Policies

State and its Size

Given the contours of this welfare brick, ancient Indian thinkers have also thought through the science of political economy and the principles and practices that govern economic lives of people. If some of the ideas are different from the current economic thinking, like the ones we introduced in the previous section; some other give a touch of Déjà Vu, for we observe them in modern times as well. Importantly, both are relevant for current policy considerations. To begin, one would be pleasantly surprised to know that world's first national anthem was composed circa 800 BCE by Mahidasa Aitareya! If modern Indians sing the national anthem, "... Bharata Bhagya Vidhata; Punjab, Sindh, Gujarat, Maratha, ...", reaffirming that India is a sovereign republic with many states and regions; something similar was done by Mahidasa in Aitareya Brahmana (Pathak, 2018). In Chapter 8, Hymns 14-15 Mahidasa poetically describes King's sovereignty secured for eternity, extending from zenith to the shores of the ocean containing various states in different directions. The exact Sanskrit text goes as –

स्वस्ति साम्राज्यं भौज्यं स्वाराज्यं वैराज्यं पारमेष्ठं राज्यं महाराज्यं आधिपत्यमयम् ।
समंत पर्यायि स्यात् सार्वभौमः सार्वायुषान्तरधात् परार्धात् पृथिव्यै समुद्र पर्यन्ताया एकराळिति ॥

The description in the above text includes various forms of states extending in different directions and are referred to as state (rajyam), great state (maharajyam), independent state (swarajyam), universal sovereign state (samrajyam) and a few others such as vairajyam (kingless state). The hymn represents one of the earliest forms of an anthem seeking benediction for people and the sovereign union of states. Today, this anthem appears in the

hymn Mantra Pushpanjali, which is recited by devotees of Lord Ganesha during Ganesha Chaturthi festival. In Mahabharata too, the names of many of the janapadas (republics) and maha janapadas (great republics), including but not limited to, Magadha, Kosala and Gandhara, are extensively referred to. Dr. Ambedkar (1946, I.VI.IV) acknowledged that republics in ancient India remained true to their spirit of people's representation in the working of the governments. To govern themselves, community representatives called Ratnis would anoint one among them to lead the nation. Thus, a king was a peoples' representative.

The author of Shukranitisara mentions that while a king is expected to be well-versed in polity, he is not omniscient. Therefore, a king may bring misery to a nation if he does not seek good advice. Hence, he must appoint able ministers, take their opinions, and then arrive at crucial decisions. Names of about eight to ten ministers are found in ancient literature, which include purodha, pratinidhi, pradhan, sachiv, mantri, pragvika, pandit, sumantra, amatya, and duta. In modern terminology, these are preceptor, viceroy, chief secretary, war secretary, foreign secretary, chief justice, learned advisor, minister of finance, minister of land-revenue, and an ambassador; respectively. In the late medieval period, Chhatrapati Shivaji too had an eight-minister council (ashta-pradhan mandal) to guide him. Thus, in ancient India, limitations of a king were fully recognised and the governance seems to represent a social contract theory. This seems quite different from the western medieval belief that the 'king can do no wrong'.

While the measurement of national income through the concept of Gross Domestic Product (GDP) is a recent phenomenon, Shukranitisara text gives degree of economic activity at various levels of government through tax revenue slabs and the hierarchy of the overloads. The annual revenue generation by an officer called Samanta, whose jurisdiction covered 100 villages was expected to be between one lakh to three lakh karshas. At the other end, a Sarvabhauma, who was the sovereign of all lands was expected to collect revenue of more than 50 crore karshas. The hierarchy in between Samanta and Sarvabhauma was as follows – Mandalika, upto 10 lakh; Raja, upto 20 lakh; Maharaja, upto 50th lakh; Swarat, upto a crore; Samrat, upto 10 crore; and Virat, upto 50 crore. Since Shukranitisara is an abridged version of the original Shukraniti and written around the time when British East India Company had set a firm foot in India, Oppert (1882, p. 24, fn. 2-3) had estimated that a karsha was equivalent to 5/6th of a nineteenth century rupee.

Public Goods, Finance, and Money

Since a king was a people's representative, he had to work towards the welfare of the people. One finds references to welfare measures and creation of public goods in ancient India. For example, in Mahabharata, while visiting King Yudhishtira, Narada enquires whether the king had planned for construction of water tanks and lakes at periodic distances in arid regions and if he was arranging loans to farmers at concessional rates. He continues to ask if the king had made provision for internal security of citizens and if he was taking care of the disadvantaged citizens including the blind, the dumb, and the lame. He also advises Yudhishtira that protecting people from external enemy is important, however, going to war should be the last option. The purport of this is that war consumes public exchequer which can be used for other public goods. This advice compares well with modern India's policies on external relations vis-a-viz China and Pakistan. Narada also checks with Yudhishtira whether or not his administrative expenses were about 1/4th, 1/3rd or at worst 1/2 of his income. This advice is a reflection of the innate understanding of avoiding revenue deficit in modern economies.

To finance spending on government administration and on public goods, king had to raise money through taxes. However, there was a clear understanding that coercive taxation can act as a disincentive for work. In the Shanti Parva (Book 12) of Mahabharata, one reads in Hymn 88-89 an innate understanding of optimal taxation. While lying on the bed of arrows, Bhishma advises Yudhishtira that a king should tax his people just like a bee sucks nectar from the flowers. The bee gathers nectar but does not affect the bloom of the flower. In fact, it helps in pollination and fertilization of new crops for the following year. The purport of the simile is that a king should not tax too much which will affect incentive to work, and that the collected revenue should be used for providing future public goods for the benefit of the citizens. To emphasize the point further, he compares a king to a dairy farmer who draws milk from a cow without boring its udders and without starving its calf. Here is the exact Shloka in Sanskrit:

मधु दोहं दुहेद राष्ट्रं भ्रमरां न विपातयेत् ।
वत्सापेक्षी दुहेच चैव स्तनांश्च न विकुट्टयेत् ॥

While all governments have a coercive power, infant industry argument suggests that governments should protect the start-ups and promising sectors of the economy in their initial stages. And precisely this has been suggested by Bhishma when he says that a king should tax like a caring tigress which carries cubs in its jaws without the teeth hurting them. Bhishma

also states that tax burden has to be increased gradually, just like a farmer gradually increases the burden on a young bullock. Such similes are indicative of the innate understanding of the proto-economic concepts which we know today as the Laffer curve and progressive taxation. In contrast, view expressed by J. B. Colbert, the finance minister of France in the 17th century, seems a bit exploitative. He had said, “The art of taxation consists in so plucking the goose as to procure the largest quantity of feathers with the least possible amount of hissing.” Bhishma’s advice is certainly more symbiotic in nature. In Kautilya’s Arthashastra too, if there are only three tax rates specified on domestically produced goods (5%, 8%, & 10%), only a single rate of 20 per cent is specified on imported goods. This simplicity of tax structure increases efficiency of tax collection.

During the times of emergencies, however, ancient Indian literature shows that qualitative easing was also practised to finance war efforts. Samples collected by Alexander Cunningham had showed 20 per cent copper and other alloys in a silver coin called Karshapana. However, Kautilya had allowed 31.25 per cent of copper and other hardening alloys to produce a silver Karshapana (Deodhar, 2023). This amounts to increasing money supply in the economy. In fact, as quoted by Max Muller (1859, p. 289), the Buddhist treatise Mahavansha alludes to an anecdote, where Kautilya had re-minted one Karshapana into eight karshapans, amassing an increased money supply of 80 crore Karshapans to finance war against the Magadha king Dhanananda. This would have been possible by increasing the alloy content of the silver coins even further, and, perhaps giving a silver coating to the copper coins.

6. Prices, Interest Rates and Credit

If we scan the ancient Indian literature further, we also see that sages had given thought to workings of the market forces, prices, interest rates, and factors of production such as land and labour. In Rig-Veda one finds description of an incident involving bargaining over price. Here is the quote from Mandala (Book) 4, Hymn 24 – “A customer is trying to buy wine (soma) from a priest as sacrificial offering. Customer bids low price and the offerings remain unsold for a mere price of ten cows. The needy buyer and shrewd seller both milk out the udder (i.e., bargain hard for the price).” Similarly, in the treatise Arthashastra, Kautilya makes observations about goods being auctioned in markets. In Adhikarana (Book) 2 of the treatise there are references to traders restricting supply by colluding and charging monopoly price. He had mandated heavy penalty for such trade-restricting behaviour. On the other hand, if there was glut in the market, the director of trade was expected to hold back sales to prevent price decline. These directives are indicative of Kautilya’s awareness of demand and supply forces, relative

scarcity, and collusion. Kautilya had thought through the concept of mark-up (cost-plus) pricing as well. He had directed officials to ascertain the cost price by taking into account investment, production, rent, interest, duty and other expenses.

In the credit market, there was an understanding of interest rate being a price for using services of someone's excess funds. Circa 700 BCE, Panini the Sanskrit grammarian had defined daily and monthly compounding of interest rates in decimal terms, when the Greeks and the Romans abhorred charging interest. Cato the Elder considered charging interest on borrowed money, as bad as murder! Aristotle too considered money as barren, i.e. capital cannot beget capital. In stark contrast, in Mahabharata, Arjuna gives a very apt advice to Yudhishtira that capital begets capital just as a wild elephant is captured using the herd of domesticated elephants! Here is the original Sanskrit text of the above statement from Book 12, Section 8, Verse 20 of the Mahabharata (Ganguli, 1896):

अर्थैर अर्था निबध्यन्ते गजैर इव महागजाः ॥

Shakespeare's celebrated play Merchant of Venice is always remembered for a famous statement, "A pound of flesh and not a drop of blood!" The reference is to the Jewish moneylender Shylock, who is viewed as a villain charging interest to the non-Jews. Indeed, in all western religious traditions, charging interest is considered as a sin! In contrast, Kautilya linked premium on interest rate directly with the riskiness of an enterprise. This is clearly brought out in his treatise Arthashastra written circa fourth century BCE. The third Adhikarana (Book), eleventh Adhyaya (Chapter), first Shloka mentions:

सपादपणा धमर्या मासवृद्धिः पणशतस्य, पञ्चपणा व्यावहारिकी,
दशपणा कांतारगणाम्, विंशतिपणा सामुद्राणाम् ॥

This reads as, "The per-month base rate prescribed for a secured loan is 1.25 per cent, for local trade it is 5 per cent, for the commercial activity involving travel through forest area is 10 per cent, and for activity involving sea-routes it is 20 per cent." In fact, advances to soldiers on expeditions would attract even higher interest rates due to unusually high risk involved.

Shukracharya had gone a step further in balancing interest of the lenders and the borrowers. In Shukranitisara, he had specified that if a borrower has already paid interest twice the amount of the principal borrowed, then one could simply repay the principal to get out of debt. However, if the interest paid has reached four times the principal, the principle itself need not be repaid. Below I quote this qualified loan forgiveness from Chapter 5, Verse 96:

यदा चतुर्गुणा वृद्धिर्गृहीता धनिकेन च ।
अधमर्णान्न दातव्यं धनिने तु धनं तदा ॥

Capping of the repayable principal amount may appear strange. However, it just may serve a purpose. Author of Shukranitisara seems to be balancing the lender-borrower relation in credit market. The qualified loan forgiveness would incentivise lenders to make efforts to look for creditworthy borrowers and monitor their business efforts. Similarly, while creditworthy borrowers would be confident about efficient use of the funds not requiring the repayment cap, they would view it as an insurance against vicissitudes of business prospects. The idea of qualified loan forgiveness may addresses the moral hazard and adverse selection problem in the credit market.

In the Semitic religious tradition debt jubilee used to be announced where loans would be forgiven every fiftieth year marking it as a year of the Lord or the jubilee year. Kings would also announce such debt jubilees on an *ad hoc* basis. Such loan waivers were arbitrary in nature. Of course, Germany used this concept in 1948 when loans taken from the old Nazis were subjected to debt jubilee to save Germany out of recession. US economist Michael Hudson (2020) proposed the same idea to save economies out of recession. The injunction in Shukranitisara is not a religious one but seems to balance the lender-borrower relationship through a systemic rule. In India, *ad hoc* loan waivers are given to farmers in the aftermath of adverse natural calamities. The loan waivers occur with much political and administrative delays. A mechanism on the line of what Shukranitisara had proposed has a potential for effective handling of farmer loan waivers.

7. Land, Property Rights, and Guilds

Land and Property Rights

Issues related to land, property rights, and guilds were also covered in quite a few of the ancient texts. Land is described in ancient writings through the Sanskrit words Vasudha or Vasundhara, which convey the meaning that land was not wealth in itself but something that creates and holds wealth. There are eight forms of wealth (Lakshmi) described in ancient Indian literature. These include livestock, money, and a few others, but not land. Treatises such as Purva Mimamsa written around 400 BCE clearly state that by virtue of being a sovereign a king does not own all the lands of the state. The kingly power was only for governing the state and its activities. In the western tradition, the omnipotent God owns everything in the world, and because the king was God's representative on the earth, he would own all the land in the state. This concept is known as Eminent Domain. The British land

acquisition act based on Eminent Domain principle had continued in India till 2013. This had allowed Indian state to confiscate land from citizens without fair compensation to farmers. In ancient Indian thought, a king never had the right of Eminent Domain, and, therefore, concept of private property could naturally emerge in the absence of it.

As regards protection of property rights, Kautilya had devoted an entire Adhikarana (Book) 3 to the conduct of judges, nature of contracts, rules of inheritance, and rules of evidence concerning movable and immovable properties. In Adhikarana 6, of his treatise, he had ascribed variability of land productivity to intensity of rainfall, arability, adaptability of land to different crops, and population density. Clearly, he had an innate understanding of diminishing returns to land use, a concept popularised by David Ricardo at the turn of the 18th century. Moreover, Kautilya was also concerned about land productivity being affected by factors such the menace of wild animals, forest tribes, and attacks from neighbouring rulers. In fact, in the medieval Peshwa period of the Maratha empire, farmers would get compensation called paymalli (trodden by) if any army would destroy standing crops while marching through the region. This idea of land ownership and protection of property right was well ingrained in the ancient Indian literature.

One only recalls an incident in Ramayana in this regard. After Rama defeated Ravana, in his excitement, brother Lakshmana suggested Rama that Lanka was a beautiful place and he could rule the world from Lanka itself! Thereupon Rama responded, “Now that our objective is achieved, brother of Ravana, Bibhishana should rule the land, and we must return to Ayodhya.” He famously says in Shloka 124-127 of the Yuddha Kanda (Book 6 on War):

अपि स्वर्णमयी लङ्का न मे लक्ष्मण रोचते ।
जननी जन्मभूमिश्च स्वर्गादपि गरीयसी ॥

The translation of the shloka reads as “Even this golden Lanka does not appeal to me Lakshmana, for mother and motherland are superior even to heaven.” This same spirit of respect for someone else’s land and property rights was shown by Indian army during liberation of Bangla Desh and the operations of the peace keeping forces in Sri Lanka. On both occasions, Indian army returned to their barracks and India never coveted their land. There are plenty of such examples from ancient India. That the kings too had to buy lands from private owners, even if it were for donations or public works, is best exemplified by the inscription at the Pandava Leni (Caves of Pandavas) near Nashik. The inscription mentions that Gautamiputra Satakarni, the Satavahana emperor who ruled India circa first century CE, had to buy a tract of

land from its original possessor for 4000 Karshapanas to grant it as an endowment to a Buddha Bhikkhu Sangha (Morvanchikar, 2018, p. 231). This economic ethic is best summarized in Chapter 40 (Isha Upanishad) of Yajur Veda: मा गृधः कस्यस्विद्धनम् (Do not covet the wealth of anyone else).

Vishwakarma and Guilds

If Karl Marx had become the patron philosopher of the trade unions from the 19th century, the patron saint of workers in the Indian subcontinent is Vishwakarma. Vishwakarma, the divine engineer of the world, was believed to have had five sons representing five major occupations – carpenters, blacksmiths, bronzesmiths, goldsmiths, and stonemasons. An ancient sculpture of Vishwakarma is located in the Chakreshwar temple at Nala Sopara in Mumbai, India. Interestingly, the sculpture shows a three-headed Vishwakarma holding different instruments in his hands. One head is shown looking through a hand-held theodolite-like instrument used for surveying and measuring angles. Another head is shown looking at a foot-long measuring scale held in another hand. Moreover, a third hands seems to hold a thread of a plumb bob used for vertical alignment of tall structures. The fourth hand holds water canister. A modern day picture of Vishwakarma shows he holding a measuring tape, a string, a treatise, and is accompanied by his five sons.

What is the relevance of such an iconography? Civilizations thrive on two kinds of knowledge reservoirs (Brooks, 2021). One is the cultural knowledge based on narratives in epics and the other is the propositional knowledge that comes through logic, philosophy and science. Propositional knowledge is passed-on via epic stories, where ordinary people can relate to multi-millennial identities through geographic and human anchors. The iconography of Vishwakarma is to be viewed in the backdrop of the multi-millennial economic history of India. Vishwakarma symbolises dignity of labour, for he is considered to have sacrificed himself to create the universe. This reference appears in Shloka 6, Hymn 81, Mandala 10 of the Rig-Veda (Griffith, 1886). In modern times, 17 September is celebrated as Vishwakarma Day by carpenters, craftsmen, artists, weavers, industrial workers, and also by engineering and architectural community (Jones, 2011). In fact, India's largest trade union celebrates this day as Labour Day!

Importantly, the ancient Indian iconography of Vishwakarma is very well complemented by the existence of vibrant activities of guilds of various professions. Hymns from Chapters 16 and 30 of Yajur-Veda, written circa 1000 BCE, give an elaborate list of

professionals as an integral part of the socio-economic system. They include acrobats to astrologers, basket-makers to butchers, carpenters to charioteers, dyers to drummers, horse hostlers to hunters, physicians to priests, weavers to warriors, and jewellers, goldsmiths, dancers, elephant keepers and many more. The hymns pay homage to these professionals both for working for the welfare of the host who is performing a yajna (a sacrifice) as also for the entire community. The professions mentioned above had later evolved into well-organized guilds in the various janapadas (republics). In fact, republics derived their economic power through the professional guilds as they conducted manufacturing and trading activities within and among the republics. These guilds were variously called Shreni, Sangha, Nikaya and Nigama. These names are found in Amarkosha, one of the oldest thesauruses of Sanskrit literature, penned by Amarsimha circa fourth century CE. This thesaurus is believed to be based on earlier works, which seem to have been lost. The heads of the guilds and prominent professionals were given honorific titles such as Shreshtha or Jyesthaka.

These guild leaders played an important role in implementing the development plans of the republics chalked out by the royal courts. They helped kings in the management of finances, advising on trade related matters, and even paid for public buildings and army operations. Shreshthas would not only represent their own community guilds, but would also be deputed by kings to exercise authority on their behalf. In modern terminology, these guilds— Shreni, Sangha, Nikaya and Nigama—were the ancient selves of trade unions and industry chambers such as FICCI (Federation of Indian Chambers of Commerce and Industry) and CII (Confederation of Indian Industry). The Shreshthas were their union leaders and presidents. Law-giver Brihaspati had described the administrative structure of these unions. He had prescribed norms for appointment of the Shreshthas and advisors to the Shreshthas including village folks and artisan firms. King had an oversight over the unions if disputes arose within the union (Deodhar, 2019, pp. 52-55).

From the above discussion, one understands that trade unions and guilds have a very long history. It did not begin with Karl Marx. Today, a few countries celebrate May 1st as the international workers' day. This was the day on which workers in the US city of Chicago went on a strike in 1886 to demand an 8-hour work schedule. Unfortunately, only a few days later, riots had broken out, bomb was exploded, and many workers and police lost their lives. From thereon, this became a precedent for violent protests and antagonistic industrial relations. It is for this reason, for many decades now, the US celebrates worker-rights on labour day – the first Monday in September. May 1st is also not celebrated as the workers' day in many other

parts of the world from UK to UAE, Australia to Afghanistan, New Zealand to Netherlands, Japan to Jamaica, Canada to Korea (South), and many more. Ancient Indian ethos was to assert and celebrate worker contribution and dignity of labour through the prism of Vishwakarma and the guilds such as Shreni, Sangha, Nikaya and Nigama. Karl Marx's evocation, "Workers of the world, you have nothing to lose but chains!" had a potential to create dissonance in the political economy. When Indians celebrate Vishwakarma day on 17 September, they affirm the ancient Indian tradition of symbiotic relation among the industrial family members – the trinity of rulers, producers, and, of course, workers/self-employed.

8. Economics Texts and Labour Relations

Arthashastra and Labour Relations

Circa 4th century BCE, Kautilya had discussed issues related to labour market. He seemed aware of the concept of wage floor or the minimum wage. He had prescribed minimum wage of 60 *panas* for unskilled labourers such as palanquin bearers, servants, guards, and valets in government sector. The same rate applied to agricultural labourer, watchmen, and cowherds in the private sector. Kautilya had a good understanding of relation between productivity and wages. For yarn, textile, and armour-making, he had specified that wage should be determined based on the amount of work, quality, and time required. Thus, he was aware of wages being a function of piece-rate, time-rate, and quality. Moreover, for skilled workers, he mentioned post-production incentives for doing a good job in textile factories in terms of giving herbal shampoos, perfumes and other gifts not related to either piece rate or time rate. This is a reflection of his understanding of the 'efficiency wage' concept that would ensure quality and prevent shirking. Kautilya had written about labourers' rights and occupational safety as well. If a labourer was incapable, fell ill or was in calamity, he could obtain annulment of his work agreement or get the work done by another person. If a labourer presented himself for work, employer allowed him to work for a while, and then retrenched him quickly, then Kautilya asserts that it would be assumed that the work was done by the labourer.

Moreover, Kautilya had prescribed that when a work is being done through a sangha and a labourer cannot work for more than seven days, the union will provide another labourer to complete the work. Kangle opines that this was done to prevent the establishment of any direct and close relation between the employer and the union member. It could also mean that a break had to be given to a worker who worked for a week at a stretch. Kautilya had prescribed that when a labourer was hired through a sangha, he/she could not be removed or replaced without informing the employer, else penalties were stipulated. These clauses bring out the

idea that when labourers were hired through a union, it is the union that was responsible for finishing the work and not the individual union members (Deodhar, 2019; pp. 124-128). Clearly, Kautilya gave evidence of the existence of guilds. This is close to about eight centuries before Amarkosha had given definition of a union and Brihaspati Smriti had talked about their administrative structure. Importantly, this was more than two millennia prior to Marx championing the workers' cause in the nineteenth century CE.

While Kautilya mandated no slavery among Indians and Indians did not have a slave-owning society like the one in ancient Greece and Egypt, where a small number of citizens owned large hordes of slaves (McCrinkle, 1877, pp. 68, 211-13), bonded labour (udardaasa or ahitaka) existed. Generally, this would be the result of a person's services being pledged to another in times of distress such as being a convict or a defaulter of penalties or contracting debt or being in penury. However, Kautilya had explicitly stated the rights of such persons. They had a right to be freed from the pledged status by redeeming through accumulated savings from their job. They would earn the same minimum wage as earned by free labourers. Moreover, one could not take a minor below the age of eight years as bonded labour. Similarly, dishonouring female (bonded) labourers, giving corporal punishment, forcing labourers to do menial jobs such as collecting urine and dung was punishable. Furthermore, a bonded labourer could own property and his kin had the right to inherit it.

Greek traveller Megasthenes too corroborates that all Indians were free and they did not even consider using foreigners as slaves. In contrast, it will be shocking for some to know that Aristotle explicitly believed that some men are by nature slaves and that slavery was both expedient and right (Galbraith, 2017, p. 13, n. 5). In fact, he also firmly believed, "Male was superior by nature and female inferior; and the one rules and the other is ruled; this principle, of necessity, extends to all mankind." In the Indian subcontinent, with the deification of many of the enriching facets of human life such as wealth, education, and strength through goddesses Lakshmi, Sarasvati, and Durga; there was a sense of respect bestowed to women folks. Presence of many learned ladies in ancient India such as Gargi, Maitreyi, and Lilavati; and, others in the late medieval period such as queens Lakshmi Bai, Ahilyabai, and Channamma, also corroborates the equal status enjoyed by women.

Shukranitisara and Labour Relations

As described in detail in Deodhar (2022, pp. 27-28), Shukranitisara too has elaborate discussion on labour laws and labour engagement. The treatise specifies three kinds of wages,

which are to be decided based on worker qualifications. Low wages are such which barely maintain the worker, moderate ones are such which provide both basic food and clothing to the worker, and good wages are those which provide food and clothing adequately. In any case, the wages were to cover maintenance of worker and his immediate dependents, for very low wages lead to shirking by the people and they may even leave. This argument points to a proto-economic idea of the modern-day efficiency wage arguments seeking either sufficient nutrition to the worker and/or minimizing shirking and high turnover.

Further, the author gives details about worker's rights and norms of employment conditions. A casual labourer hired for one full day must receive a break of half a yama (1 yama = 3 hours). Similarly, domestic servants should be given a yama off during daytime and three yama off during the night. They should not be expected to work during festivals unless they form part of an indispensable work during some festivities. For regular workers, king was to give an annual leave of fifteen days and give three month's pay for someone who has worked for five years. While a diseased worker may be employed and he will be given only three-fourth of the wages, a maximum of six month's wages were to be paid to a worker who may have become chronically ill. Every year, a worker may get one-eighth of the wages by way of reward. Moreover, after completion of forty years of service a worker was to be given half the salary without work (i.e. retirement benefit). Similar benefit was to be awarded to wife or minor children.

If a worker dies on the job, his minor son would get the same wages until he becomes a major, and, thereafter, wage would be as per the son's work qualifications. Employer could keep as deposit, one-sixth or one-fourth of the wages of the worker and return them in future. This could be described what is called as provident fund contribution by the employees in modern times. Finally, employer was expected to honour workers for their distinction in work and was advised not to insult or use harsh words against them. While Kautilya has talked about worker-hiring and their unions, one does not find so much attention paid to the occupational safety, sickness, leave, and retirement benefits. The features mentioned above compare very favourably with modern-day industrial relations practiced by a welfare state. Gopal (1962, p. 545) asserts that these regulations of Shukranitisara are reflective of similar provisions of the East India Company or the Civil Service of the British period.

While Shukranitisara discusses the wages, working conditions, and various kinds of compensations for labourers, it does not reduce working class equal to a mere inanimate factor

of production. If Karl Marx talked about two classes – capitalist and workers, ancient Indian literature had focused on self-employed persons in various occupations who would be a part of the professional guilds. The enterprising workers could own their own micro, small, or medium sized enterprises. This entrepreneurial ability of talented persons is recognized in Shukranitisara. In Adhyaya (Chapter) 2, Shloka 127, you find the following narration:

अमन्त्रमक्षरं नास्ति, नास्ति मूलमनौषधिम्।
अयोग्यः पुरुषो नास्ति, योजकः तत्र दुर्लभः ॥

This translates as, “Just as every letter has the power of a wise counsel, just as every plant-root has the potential to be used as a medicine, there is no person who would be worthless. However, rare indeed is an entrepreneur.” When Shukranitisara narrates this view, it is only underlining the fact that entrepreneurship is a rare quality required in business and not necessarily all will have it. In modern times, emphasis on skill development and entrepreneurship through ventures funds and accelerator programmes is way to nurture entrepreneurship among workers which Shukranitisara had alluded to.

9. A Word of Advice to Households

As has been stated in previous sections, ancient Indian treatises describe a holistic approach to life. If the welfare brick of an individual is based on principles of Purusharthas, Ashramas, and Varnas; the literature also gives practical advice to households. The advice is given to the head of a household, where family is the unit of analysis and not just a representative individual. The head of a household is supposed to look after the interests of family members during normal times as well as during adverse conditions. As elaborated in Shukranitisara (Deodhar, 2022; pp. 30-31), this includes wife, children, parents, and even siblings. In fact, in times of prosperity, the support has to be extended to wife’s family, attendants, (maid)-servants, friends, and the poor and the needy. A head of a household is considered as good as a dead person and not leading a dharmic life, if he/she does not take care of kith and kins. In such prescriptions, an emphasis on joint family system is brought out rather than an individual just looking after himself or herself. Shukranitisara also gives practical advice to a householder to become worldly wise. A head of a household is suggested to acquire worldly knowledge by traveling, meeting people of different races and faiths, and attending assemblies of citizens.

Stability of a household rests on the institution of marriage. There always would be competing attributes sought by family members when a marriage brings two families together.

In a witty manner, author of Shukranitisara observes in Chapter 3, Shloka 174, and I quote the Sanskrit verse:

कन्या वरयते रूपं, माता वित्तं, पिता श्रुतम्।
बान्धवाः कुलमिच्छन्ति, मिष्टान्ने इतरे जनाः ॥

This translates to, “While a bride (groom) seeks a life-partner to be handsome (beautiful), a mother will look for financial stability, a father will consider scholarship, friends would be inquisitive about the clan and the class; and most others would be only interested in food and festivities”. Further, author of Shukranitisara advises that while wealth is a pre-requisite for all pursuit, it has to be acquired through righteous conduct. From among the sixty-four vocational arts and thirty-two sciences which form the broad canvas of the economy, the author classifies them under eight livelihood categories. They are – academics, security establishment, agriculture, money lending, merchandizing, artistry and manufacturing, services, and living on alms.

As a householder generates income from among the livelihood categories, author advises he/she must maintain written accounts of his business and domestic transactions. He is cautions not to deposit savings without a written statement about the deposit. As far as possible, the savings could be kept with king, trustworthy individuals, non-greedy rich persons, and/or in charitable ventures. Charging high interest rate should not be the singular aim in lending money, for there are chances that one may lose the principal. If a close acquaintance wants money, one could even lend without charging; however, loans must be documented with full details of guarantors, witnesses, collateral, and duly signed. Kautilya too documents laws for marriage, divorce, and inheritance, however, he does not give practical economic advice to a householder. In fact, author of Shukranitisara offers two crucial instructions – He mentions that a householder can retrieve all things in life, but not oneself. Therefore, staying physically healthy is necessary for the welfare of the family and the self. Moreover, to maintain harmonious family relations in the event of death, the head of the household and adult children must will a succession plan for the household wealth.

10. Concluding Observations

Science without history is like a man without memory (Ruse, 1987). And how true it has been in the context of contribution of ancient Indians in the sphere of economic ethics. The

colossal, multi-layered, and multi-millennial history of India had put Indians in a slumber. But we are now waking up to her ancient contributions. Mainstream books on history of economic thought have not helped either, for they include contributions of Judeo-Christian and Greco-Roman traditions but not anything from the Indian subcontinent. Time has come that scholarly books on history of economic thought published from India or abroad should pay attention to Indian contribution. While pointing out the contribution of ancient Indian writings, intention is not to thrust completeness and finality of those economic ideas. No whiggishness is attempted here. Joseph Schumpeter (1954, p. 4) wrote in his book *History of Economic Analysis*, “We do stand to profit from visits to the lumber room, provided we do not stay there too long.” What I have attempted here is to show that we profit from revisiting the ancient Indian contributions to economic thought, and there are enough reasons to spend a good amount of time in this lumber room! Perhaps, an early exposure to the economic ideas from India’s past could have hastened the development of classical economics as we know it today.

Thinkers of ancient Europe including Aristotle considered mass slavery as expedient and right. That was not the case in India. If women were considered inferior, even by Aristotle, that was not the case in India. If charging interest was considered as a sin in all ancient and medieval western traditions, that was not the case in India. In fact, ancient Indians had understood the relation between riskiness of an enterprise and the interest premium for lending to such enterprises. Even daily and monthly compounding of interest was thought through by Panini circa 700 BCE. Given the ancient Indian economic ideas presented above, it would suffice to say that Karl Marx and Friedrich Engels were completely wrong in defining Asiatic (read Indian) mode of production as primitive and one which belonging to pre-history of civilization preceding even the ancient epoch. Existence of professional guilds and workers’ rights were eloquently specified in *Arthashastra*, *Shukranitisara*, and the epics. Clearly, guild and unions did not emerge for the very first time after Karl Marx’s rather deterministic ideas of communism. In fact, ancient Indian writings show a spirit of symbiotic relation between rulers, producer guilds, and labourers. That symbiotic relation needs to be harnessed in the modern industrial complex.

Importantly, quite a few economic ideas from ancient India are relevant as prescriptions for economic policies in current times. The stylised unidimensional objectives of utility maximization and profit maximization may have to give way to a holistic approach to economic life. It is important to sensitize citizens about the welfare brick concept – that there are four

objectives of life, which are to be achieved while passing through four stages of life, and that they also get conditioned by the four types of professions one may choose. Exogenous shocks that destabilize economies of the world – e.g., subprime crisis, Ukraine-Russia war, or even Covid pandemic, are invariably caused by human greed and unethical conduct. Therefore, emphasis on dharmic behaviour has assumed importance. Environmental sustainability cannot be achieved if individuals are left to satiate their private interests. Their behaviour would have to be conditioned by appeal to dharmic conduct. A few years ago, when the Prime Minister of India appealed to Indians to give-up LPG subsidy so that the very poor can get a smoke-less cooking gas at an affordable rate, he was appealing to the dharmic duty of well-to-do households. Even the charity that corporates do has to be Saatvik in nature and not Tamas. Recent experience suggests that some corporates end up giving large donations to foreign entities, and the funds get used for activities to destabilise India (Malhotra and Viswanathan, 2022).

When Kautilya proposed a single rate of 20 per cent on customs duties, it reminds us of the advantages of simplicity in tax administration. Experience suggests that too many tariff lines in customs duty or GST create incentives for firms to obfuscate matters to get into lower tax-rate category and/or indulge in under-invoicing. Moreover, Narada's advice to Yudhishtira to avoid revenue deficit is very much relevant for modern times. No government, local, state, or central, should be borrowing money for revenue expenditures. Borrowing can be justified only if it is going to create long-term assets for the society. Over the years, marginal income tax rates in India have come down significantly to about 25 per cent and 30 per cent on individuals and corporates, respectively. Going by the simile offered by Bhishma, the current income tax rates seem optimal enough to keep sufficient incentive for individuals and firms to grow. Any further reduction, however, may reduce tax revenue.

Owners of farms or firms face business risks. While farmers have always been exposed to vagaries of nature, climate change has worsened the dangers of crop loss. Therefore, governments are forced to take decision to waive-off farm loans. Invariably, while the decisions become arbitrary across states and crops, there are always delays in both decision making and implementation. This creates a lot of uncertainty and distress among farming community as well as among lending institutions. A practical solution given in Shukranitisara is worth giving a try. In the loan contract documents, the two parties can stipulate that if interest paid on loan reaches say four times the borrowed amount, then the farmer may not repay the

principle. Such an upfront arrangement may bring stability in the farm loan market, which otherwise is characterized by high risk and uncertainty.

Finally, Shukranitisara also has a message in terms of family as a unit of analysis rather than a taking a limited individualistic approach. The author underscores the responsibilities of the head of a household looking after welfare of the family. Similarly, marriage is shown as an important institution that accommodates interests of various relations arising out of a wedlock. Sensitizing to these aspects is important for bringing societal bonding, stability, and therefore its welfare. At the outset, I had quoted Amartya Sen – The epic Mahabharata alone is about seven times longer than Homer’s Iliad and the Odyssey put together. Ancient Indian contributions in many fields including but not limited to science, philosophy, arts, and political economy are also colossal. Treatises such as Arthashastra and Shukranitisara, advices given to Yudhishtira by Narada and Bhishma in Mahabharata, concepts expressed in other treatises referred to in this manuscript, and a few treatises that may yet have to be explored, will continue to offer critical insights to modern economic thought.

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