

Article

**A Glimpse of Indian Economic Thought in Ancient Indian Literature**

**Journal of Development Economics and Management Research Studies (JDMS)**  
**03(03), 13-18, January-March, 2020**  
 @Center for Development Economic Studies (CDES)  
**Reprints and permissions**  
<http://www.cdes.org.in/>  
<http://www.cdes.org.in/journal/>

Dr.S.Kalpalatha<sup>1</sup>

**ABSTRACT**

Ancient Indian literature was written in two classical languages of India, Tamil and Sanskrit. Indian epics like Ramayana and Mahabharata were composed prior to 500 BCE. Rig-Veda, which has 1028 hymns, 10,600 verses, in ten books, is the world's oldest religious text in continuous use till date Arthashastra explains the means of sustainable acquisition of the wealth. In Kurals 215, 216 and 217 Thiruvalluvar talks about the wealth in the hands of wise people. Wealth in the hands of great wise men is compared to the lake filled with good drinking water. Agriculture in Ancient India during the Vedic period was an important vocation, and the social, religious customs were mainly associated with the agricultural practices, like ploughing, sowing, reaping and harvesting.

**Keywords:** India, ancient, Ramayana, Mahabharata, Thiruvalluvar, Vedas, agriculture, literature.

The present paper deals with the popular perception and practical observations, and thoughts on economic matters which were written in the Indian subcontinent as early as 1500 BC. Ancient Indian literature was written in two classical languages of India, Tamil and Sanskrit. The four Vedas, Rig Veda, Yajur Veda, Sama Veda and athrvana Veda date back to 3000BC. As durable written materials were not discovered they were composed using terse metrical verses and passed on to future generations through memorization, (Vinod) before being written on palm leaves between 1500 BC and 600 BC. These scriptures and compositions are a collective knowledge of many sages and this literature is referred to as Apaurusheya and Shruti literature, which means that there is no single author to these scriptures and the compositions. Similarly, the Indian epics, Ramayana and Mahabharata were composed prior to 500 BCE. Moreover, there are other texts referred to as Dharmashastras, which are considered as Smritis, i.e., those that are written by individuals to serve as manuals of behaviour for the society. About six Dharmashastras are known to have been written over a period from 600 BCE to 200 AD. Dharmashastras were written as guides for the smooth functioning of society. Arthashastra authored by Kautilya written in 4th century BCE is a treatise for ideal functioning of the economy, state administration, and the conduct of the ruler Chandra Gupta Mauriya. Thirukural authored by Thiruvalluvar and written in Tamil is yet another milestone in Indian literature dealing with Dharma, Artha, Kama and Moksha - righteous conduct, acquisition of wealth, pleasure & love, and salvation.

<sup>1</sup> Associate Professor and HOD of English, C.Kandaswami Naidu College for Women, Cuddalore, Tamil Nadu.

It is not surprising that such rich literature existed nearly 5000 years ago because there existed a vibrant social and economic life in India's Sarasvati-Sindhu civilization, which flourished in the regions of Gujarat, Sindh, and Punjab which was at its peak between 2300 BCE to 1700 BCE. Large numbers of seals excavated in this archaeological region were found attached to jars, baskets, and containers. They are the earliest known examples of brands and trademarks by merchants who would ship goods to Mesopotamian sites through Persian Gulf (Moore, K and Reid, S ). This civilization had a well organized urban economy with cities which were more scientifically planned than the contemporary Mesopotamian cities (Spengler). The Golden Age of India had reached its peak during the Gupta dynasty in 6th century B.C. Thereafter, India witnessed invasions by Huns, the barbarian hordes from Central Asia. They ransacked and destroyed Takshashila. From thereon, India had its share of the Dark Ages. Many Sanskrit texts had gone into oblivion and the decline continued with the turmoil caused by the Muslim conquests and the capture of the Indian polity by the British in the eighteenth century. For example, Nalanda University complex in Eastern India, which was founded by the Gupta dynasty 500 BC was completely burned down by the invading Muslim general, Bakhtiyar Khilji in 1193AD (Allen, 2002). Fate of other seats of learning such as Vikramasila, Jagaddala, and Odantapuri were sealed in the same fashion (Ambedkar). In fact, Arthashastra was discovered only in the early part of the 20<sup>th</sup> century, in the possession of a pundit from Tanjavur, Tamil Nadu, a region that was left mostly unharmed by the Muslim conquests. It was transcribed and published in English in 1915 by Dr. R. Shamasastri of the Mysore Oriental Library. The Indian texts referred to in this section so far, include contemplative thoughts of sages and folk wisdom, which are not restricted to religious practices alone. They encompass various topics ranging from flora and fauna to philosophy; and, music and mythology to money matters.

In this paper, an attempt is made to demonstrate that economic issues were discussed in Indian ancient texts quite a few millennia ago. Of course, the objective here is not to advocate Indian economics as a separate economic thought process. Laws of economics are universal. However, ancient Indian economic theory is different from modern economic theory in the sense that modern economic theory focuses on pursuit of material and physical pleasures alone whereas ancient economic theory is based on four life objectives -Dharma, Artha, Kama, and Moksha i.e, righteous conduct, acquisition of wealth, pleasure & love, and salvation.

Rig-Veda, which has 1028 hymns, 10,600 verses, in ten books is the world's oldest religious text in continuous use till date (Klostermaier, K). There are many hymns which relate to matters on material prosperity, prices, bargaining, and taxes. For example, Hymn 112 of Book IX of the Rig-Veda tells us how we follow our desires and wealth. To paraphrase in short, it says, "we all have diverse hopes and plans. We strive for wealth in different ways. We follow our desires like cows follow one after the other. A frog looks forward to a flood, an arrow-smith seeks someone who will pay him in gold, a craftsman seeks something that is to be restored, and a priest seeks worshippers." (Griffiths, R) Further, in Hymn 21 of Book II of Rig-Veda, the author requests Indra to bestow onus the best of treasures, the spirit of ability and fortune, increase of riches, safety of our bodies, charm of sweet speech, and days of pleasant weather. Yet another Vedic prayer called Chamakam, repeatedly seeks in a rhythmic tone, material objects, happiness, power, knowledge as also spiritual well-being (Nadkarni, M, 2012). A calf also deserts the cow when her udder goes dry. Money gets you everything in a flash. Therefore, let the prudent get cash!" (Ryder, A) Similarly, Panchatantra by Vishnu Sharma written at around

200 BCE also drives home importance of money motive through his stories of the wise conduct. In Panchatantra, Vishnu Sharma remarks that unless man's minimal material needs are fulfilled, his higher aspirations cannot be realized. It says, "Until a mortal's belly-pot is full, he does not care for love or music, wit or shame, body's care or scholar's name, virtue or social charm, godlike wisdom or youthful beauty." (Ryder, A).

In the sixth century BCE, a philosopher named Charvak founded and advocated the materialist school called Lokayat. Charvak is famously quoted as saying, "As long as you live, live happily. Drink ghee even if you may have to borrow money for once consigned to flames after death who can return to enjoy life. Arthashastra explains the means of sustainable acquisition of the wealth. Three fundamental goals of human existence are morality, material wealth, and love & pleasure. According to Kautilya, acquisition of material wealth is supreme, for the other two are dependent on it. (Syamasastri). According to Valluvar wealth is productive of the joys of this world. Valluvar has devoted a complete chapter with ten immortal couplets on wealth. They can be summarised as follows: Wealth makes people important. Wealth acquired with proper means will yield virtues and happiness; All despise the poor, but all praise the rich; All honor the poor man when he become rich; Wealth like taxes belong to the government; There is no sharper weapon than wealth to destroy the arrogance of one's enemies. If wealth is used for noble purpose, it will earn peace and prosperity. The rich man glitters in the brightness of wealth. He enjoys life and visits places he likes in countries far and near. Valluvar says that acquisition of wealth is important, and not to be despised. In Kurals 215, 216 and 217 Thiruvalluvar talks about the wealth in the hands of wise people. Wealth in the hands of great wise men is compared to the lake filled with good drinking water. Next, wealth is in the hands of man of propriety it is like a fruit-bearing tree ripe at the centre of the village. Finally, wealth in the hands of a great man of dignity is like the medicine from an unailing tree.

Adverse effects of poverty are also recorded in various ancient scriptures and documents. In Shanti Parva of Mahabharata, after the Kurukshetra War was won, Arjuna advises his brother, Uddhishtira to occupy the throne and give up the thought of becoming a mendicant. He says, "he that would live by mendicancy, cannot enjoy the good things of the earth. It is seen that a poor man is accused falsely and he that has wealth has kinsmen. (Ganguli, K) In early Indian literature poverty was looked upon as 'living death' and worldly wealth was considered morally desirable. According to Thiruvalluvar, the evils of poverty are personified in kurals as a sinner and a demon. When the demon takes possession of a person, the latter loses all joy in life. Poverty is cruel. It afflicts people badly. One may sleep in the midst of fire but not amidst of poverty. It destroys the greatness of the kingdom. Poverty brings many miseries to a country. The words of the poor are profitless. A poor man is a stranger to others. Prolonged poverty destroys one's past greatness and the dignity of his speech.

Agriculture in Ancient India during the Vedic period was an important vocation, and the social, religious customs were mainly associated with the agricultural practices, like ploughing, sowing, reaping and harvesting. The study of crops and plants, received considerable attention of the ancient Indians. As regards fertility of the soil, the method of rotation was practiced in Vedic Agriculture. The hymns of Rig Veda and Atharvaveda are full of references to the usefulness of rain, importance of cattle, six seasons. Some speculation of the role of light on the manufacture of food in green plants is recorded in the Rigveda. The origin of manuring can be traced back as

early as Rigveda. The Atharvaveda refers to the value of the manures prepared from straw of barley and sesame plants which were used to improve the productivity of the land. The use of dry cow-dung as a manure has also been mentioned in the Atharvaveda. Classifications of herbs into seven types have been described in the Rigveda and Atharvaveda on the basis of morphological and other general characteristics. In Kautilya's Arthashastra, one of the most important sources of market supplies was agriculture, and, therefore, farmland. Kautilya acknowledged variability of land quality which depended upon variation in rainfall, arability, adaptability of land to different crops, and population density. Valluvar says that the world depends on agriculture. Though laborious, agriculture is the best form of craft that sustains all on earth and is the worthiest of crafts. Farmers are the lynchpin of the world; they alone are independent citizens, others are dependent on them; if the farmer's hands are slackened, even ascetics will fail in their meditation. If a man does not attend to his land personally, it will behave like an angry wife and yield him no pleasure. More than ploughing is manuring and then weeding; more vital than water management is plant protection. Valluvar has emphasized the importance of agriculture and its primacy over all other occupations. If the ploughmen cease to work, the entire economy will collapse. We also find in the Kurals the elements of "Green Revolution" except high yielding variety of seeds: extent of ploughing, manure and fertilizers, water-management, weeding at the right time, and protection against pests and diseases.

Hymn 24 of Book IV of the Rig-Veda, invokes basic demand and supply forces, where buyer and seller bargain for a price. It says, "A customer is trying to buy wine (soma) and fried barley from a priest as sacrificial offerings to seek Indra's favour. Customer bids low price and the offerings remain unsold, for priest is not ready to accept low price. The offerings just cannot be sold for a mere price of ten cows. The needy buyer and shrewd seller both milk out the udder." (Griffiths, R) Kautilya's observation about goods auctioned at the markets was indicative of his awareness of demand and supply forces and relative scarcity. He was aware of traders restricting supply by colluding and charging monopoly price. For such trade restricting behaviour, he had mandated heavy penalty. On the other hand, if there was glut in the market, director of trade was expected to hold back sales to prevent price decline. Kautilya seemed to have a notion of a just price. The director of trade was to ascertain cost price after taking into account investment, production, rent, interest, duty, and other expenses. This applied both to importable and exportable. For determining sale price of domestic and imported goods in particular, a 5 per cent and 10 per cent profit was allowed over and above. (Deodhar)

In the Sabha Parva of, Narada, the Vedic sage who visits the newly anointed king Uddhisthira at his royal place Indraprastha, had quite a few questions to the king about his various duties as a king. Among many other, he asks him about the following economic policies concerning his state (Ganguli, K) Narada alerts the king about financial prudence by asking whether or not his expenditures are about 1/4th, 1/3rd, or at worst 1/2 of his income and that whether his accountants appraise him on his income and expenditure every forenoon. He wonders if wage payments to artisans are not delayed by more than 4 months and that there are no arrears to payment to soldiers as well. In Panchathatra, Vishnu Sharma says that "A king may scold his servant but he continues to work if he is paid at the end of the day. (Ryder A) Exactly on the lines of the modern 'pay commissions' that get constituted by governments for fixing wages, salaries, and revenue expenditures of the government, Kautilya had prepared a thorough list for annual wages and salaries to be paid to the government employees as also for other

revenue expenditures. For example, payments ranged from as high as 48,000 panas 8 per year to king's minister, army commander, and the teacher; 24,000 panas to collector-general; 12,000 panas to village officers (paura); 1000 panas to department superintendents; 500 panas to accounts staff; 60 panas for servants, guards, valets, attendants of palanquins, labourers, and 10 panas per yojan (10-15 km) for a messenger. While his attention to such minute details of administrative payments was noteworthy, what was even more remarkable was his mindfulness of the need to preserve substantive revenue for public goods. He categorically mentioned that wages and salaries of the state should not exceed 25 per cent of the total revenue (Deodhar).

Moreover, in Hymn 173, Book X of Rig Veda there is a reference to taxes (bali) and tributes to be paid by the subjects to the king (Chitrav, S). This idea got further developed in the Shanti Parva of Mahabharata where the text refers to judicious actions of the state. In Hymn 88 of Shanti Parva, "A king should milk (tax) his kingdom like a bee gathering honey from flowering plants. The king should enhance the (tax) burden on his subjects gradually, like a person gradually increases the burden of a young bullock." (Ganguli, K). For example, Kalidas, the great Sanskrit playwright had the following to say in his Sanskrit play, Raghuvansham in Chapter 1.18, "The state collects tax for the greater welfare of its citizens in the same way as the sun evaporates water, only to return it manifold in the form of rain." (Rao D). Thiruvalluvar was against the method of collecting taxes compulsorily. He compared a king who collected taxes by force to a highwayman. Kautilya's discussion on taxation reveals universal ideas of taxation. Taxes should not be heavy or excessive. Tax hikes should be introduced gradually. According to him government should collect taxes like a honeybee, which sucks just the right amount of honey from the flower so that both can survive. (Kangle R). Kautilya emphasizes that taxes should be collected sustainably, just as only the ripened fruits are picked from the orchards, with unripened ones given time to mature, otherwise, citizens may revolt against the ruler. To achieve this purpose, Kautilya had identified a very detailed list of revenue sources and their categories. They ranged from agriculture to zoo animals and most tradable/manufactured items. For example, agricultural produce was the most important part of the state's revenue. Those lands that were state owned but not cultivated by state could be leased out to cultivators who would give half the produce to state. Others who could not bring their own seeds, bullocks, labourers, and implements would give about three-fourth of the produce to the state. And those who owned lands would give only one-sixth of the produce to the state.

Thus, this paper attempts to have a glimpse of the basic concept of Economy which lies in the concept of wealth, Poverty, Agriculture, Income and taxation have been in vogue in India since time immemorial and India is proud to have these ideas recorded in its classical literature dating back to 3000 BC in Oral tradition and from 1500 BC in written form. Modern Indian Economy is the continuation of its ancient Economic doctrines laid down by its ancient sages and scholars where economic well being of the society is closely knit with ethical values of Human beings.

#### References:

1. Ambedkar, B. (2014): Dr. Babasaheb Ambedkar: Writings and Speeches, Vol. 3, 2<sup>nd</sup> edition, Dr. Ambedkar Foundation, Delhi.
2. Chitrav, S. (1998): Rigvedache Marathi Bhashantar: Rigveda in Marathi, Bharatiya Charittrakosh Mandal, Pune.

3. Deodhar, Satish (2018): Indian Antecedents to Modern Economic Thought, Indian Institute of Management, Ahmedabad
4. Ganguli, K. (1896-a): Mahabharat, Shanti Parva accessed from <http://www.sacred-texts.com>
5. Griffiths, R. (1886); Hymns of the Rigveda, Internet Sacred Text Archive, accessed from <http://www.sacredtexts.com>
6. Kangle, R. (1965); The Kautiliya Arthashastra, 1<sup>st</sup> edition, Parts I to III, Motilal Banarsidas, Delhi.
7. Klostermaier, K. (1984). Mythologies and Philosophies of Salvation in the Theistic Traditions of India, Wilfrid Laurier University Press.
8. Moore, K. and Reid, S. (2008): The Birth of Brand: 4000 Years of Branding History, Munich Personal RePEc Archive (MPRA) paper No. 10169, accessed from [https://mpra.ub.uni-muenchen.de/10169/1/Birth\\_of\\_Brand](https://mpra.ub.uni-muenchen.de/10169/1/Birth_of_Brand).
9. Nadkarni, M. (2012): Hindu Economic Philosophy, in The Oxford Handbook of Hindu Economics and Business, Vinod H. ed., USA: Oxford University Press
10. Rao, D. (2010): Raghuvamsham by Kalidas, English translation, accessed from Giirvaani at <http://sanskritdocuments.org>
11. Ryder, A. (1955); Panchatantra of Vishnu Sharma, Chicago: University of Chicago Press, p. 401,
12. Spengler, J. (1971): Indian Economic Thought, Durham, N.C. Duke University Press.
13. Thiruvalluvar: Thirukural, <https://shaivam.org/scripture/Tamil/1140/thirukkural-of-thiruvalluvar-english-translation>
14. Vinod, H. (2012): "Preface" in the Oxford Handbook of Hindu Economics and Business, ed., Oxford Economic Press, USA, P. xv.

\*\*\*