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Commerce in Arthashastra

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Abstract: *Perhaps no other text had earned more prestigious position politically, socially, scientifically than the "Arthashastra" as written by Koutilya among the masters during 300 B C Arthashastra in Commerce:*

01. Arthashastra means "Science of creation of Wealth".

02. Prominence of Commercial routes.

03. Protective device of Business routes

04. Importance of customer to Businessman

05. Unit of Financial Management

06. Role of Selling authority of a Government Product.

07. Rules for Private Businessmen

08. Details of Tax payable by a Businessmen

09. Businessmen's business role

10. Rules relating to Foreign Businessmen

11. Control of business through seven special units

Keywords: *Arthashastra, Wealth, Koutilya.*

1. INTRODUCTION

Perhaps no other text had earned more prestigious position than the "Arthashastra" as written by Koutilya among the masters during 300 BC. Koutilya was a noted Reader of Arthashastra and Rajaneethi in the world famous TakshshilaGurukula and consultant and then the Prime Minister to Chandragupta the First King of Mourya dynasty. He was a political analyst, a pioneer who had a great vision of Nationalism and was the first in the history of mankind. It is not strange to the modern economists about Koutilya's economic projections of 15 chapters containing 180 incidents. But it is of great importance that these reflectings(thinkings) had been in a very prosperous condition even about 2400 years ago . That is why Koutilya is most popularly known as "Forefather of Arthashastra".

2. COMMERCE IN ARTHASHASTRA

The dictionary meaning of Economics means "Science of creation of Wealth". Business was the third pillar of economic activities. It was considered as an activity next in rank to agriculture and production. It was the responsibility of the king to encourage business and economics activities through water and land utilising the harbour facility after recognising various markets and cities. It was the duty of court members, government officers to ensure that there is no harassment and pestering of robbers and border guards. The frontier authorities were expected to provide compensation for the lost goods of businessmen. Business routes were essential for economic developments and as such were to be safeguarded. This system ensured that no atrocities were being used. [1] Koutilya has considered the total profit of the business men in lieu of "cost increasing products". Total profit as earned by a businessman was not to be too huge but to be easily accessible to customers at affordable prices. In those days, profit percentage was not based on market rate as fixed nowadays. There was crystal clear proof that importance was being given to the welfare to mankind.

In Arthashastra monitory regulation was based on the following three ways.

1. Governmental
2. Private
3. Financial Institutions and Bank like services

It was the duty of the government to safeguard the business routes. In case of loss, compensation was given. Since the land was vested in the hands of the Government, the income from mining went to government. Private business was restricted to selling goods from door to door. Import was being carried on with respect to necessary goods. Export was carried on freely. There were prohibitions on selling the goods at the place of production and they were to be sold at the notified market places only. The authorities with responsibility of selling goods were given boxes where they can put in the money. The boxes were built in such a way that money once put in could not be taken out. At the end of each day, money collected was to be accounted and the unsold goods were to be returned to stock. [2] In Arthashastra, the Government was providing basic facility and was setting up the business. It was also suggested that there was to be no unnecessary interference from Courtiers, Officers. Dacoits and border guards were strictly watched.

Private Businessmen had the following type of guidelines.

1. Sale through Commission Agents.
2. No Internal Agreement among the Businessmen.
3. Businessmen might move together and collect their goods together.

It was the responsibility of the Village Chief to bear the loss of the Private Businessmen. But this rule was not applied in case of theft and returned goods.They fixed the responsibility on the in-charge of Gomala (pasture where all cattle of the village were allowed to graze) to bear the cost in case of theft or loot of goods in between two villages. In case the responsibility could not be fixed on anybody specifically, then it was jointly borne by the villagers in the border area. This emphasizes the awareness and importance of Businessman and loss in business.

Simultaneously there were prohibitions on businessmen not to exploit the common man. Businessmen had to exhibit the clear picture of his business in respect of his old stock and new stock. It was permissible to pledge goods only after clearly disclosing the ownership of them. The measuring instruments like balances etc were being examined in order to prohibit deceit in business. Businessmen were allowed not to exceed the profit margin by 5 % in respect of local goods and 10 % to those of imported goods. It was of prime importance to check that stolen goods were not sold. In case of the goods destroyed for the reasons beyond expectation reasonable rebate were being given. While calculating profit figures it was necessary not to take into account the amount given to mediators. There were restrictions not to purchase goods till old stock were sold.

[3] As per the Arthashastra, “Collection of information and self advertisement are part and parcel of business activities.” Net profit was to be ascertained, after excluding the Tax paid for it, the Road Tax, and the Business expenses, etc. In case of goods brought on barter system from foreign land, businessmen were expected to move their stock to the place of sale only after knowing the business trend in river side places and to keep themselves away from “non-profit areas”. One had to be watchful in conducting business not to cross the existing rules and regulations and also to yield loss to the customer. In case the Government that could not establish moral based regulations, the cost of business transaction increases. Business decline starts with loss of confidence and failure to keep up quality of goods. This leads to search of an intermediator and increase of cost of scrutiny. Arthashastra also mentions that there will be imposition of fine in case of adulteration of grain, oil, salt, perfumes and medicines. Prime importance was given to weight and measures and there were certain certified documents and measures. Gold and silver coins were in use. In case of need, barter system also existed. Welfare of the State, customer, businessmen were the primary facts to be considered while organizing business and commercial activities. In addition to mining, renovation of mining, production of Gold and Silver, Lead, Copper, Defencearmours, coins and agricultural instruments were also in practice. But there was no option for private players in this field. Government had full control over treasury and Defence fields. While selling the government property through the private body, the amount of profit as calculated before was to be remitted to the Government.

[4] Arthashastra also stresses on to decide before as to which item are to be imported and exported by sending some experts to the foreign market. It is said that business should not be one sided but long lived. There need to be balance in between export and import. “Vartanam” was the Tax imposed on imported goods. Businessmen importing goods were to pay a tax called “Dwaroodaya“. This was in addition to all other taxes as admissible. This lead to an increase in the collection of taxes. Gold coins and biscuits were used as the media of Tax collection. Foreign coins were in use in State exchequer. Foreigners used to tender Gold coins or biscuits in purchase of Indian products which in turn lead to inflow of Gold into India. This was hence called India’s “Golden Era “.

Sealed Greek coins were also in transaction of trade. India used to import chemicals, wine, clay items of grade one, various metals etc. Silk items, sambara items, precious stones and ornaments were exported. This was profitable to India. The Tax in respect of import and export items was calculated based upon cost of the product. The Government used to undertake the transaction. There was less chance for the private bodies. The amount so collected as Taxes was being used for Military and Developmental activities.

The following seven organisations used to conduct thorough examinations for the effective control of the business.

1. Government Business
2. Boarder Tax
3. Frontier Tax
4. Harbour Tax
5. Weight and measurers
6. Ship and (boat) Transportation
7. Measuring Instrument and Time measuring

Head of each unit was called as “The President” (Since there were no rail and air travel, it was mentioned as ship and boats). Tax was relating to import as well as export Border/ Frontier Tax. This Tax was not being collected at the border. It was collected at the Main Gate of the Fort entrance to city, especially near Capital city. Government had imposed strict prohibitions in selling goods near mines, fields, parks like production centres. Those who sell goods at these places were penalised with stern measures. That was a service oriented sport where permission was being given to sell imported goods at places easily accessible to the general public. Encouragement was given in the form of tax concession so as to gain more profit to those who used to observe all norms. With the fundamental concept to keep equilibrium of national financial position in normal situation as well as during war time and famine like situations ,in Economics, origin of income is divided into the two sections as follows

1. Regular Tax (Land Tax, Commercial Tax etc.,)
2. Extra Tax (Interest and Profit)

Koutilya put forth his next step of postulates,

“While prescribing norms for imposing Tax it is to be taken into account, the rule of justice and equality. There must not by any sort of discontentment among the Tax payers.”

3. CONCLUSIONS

Arthashastra is a typical text of Indian origin. Even during our present age it has not lost its accomplishment. The reason behind this is: Koutilya’s far-sightedness, subtle degree of latitude and longitude and the prominence given to them convinces one and all. We can observe the manner of thinking in Arthashastra in the Public Financial Measurers which is Koutilyas major contribution. He had a firm belief in the principle that under any circumstances of calamity, State should be sound in financial position and as such he had given much importance for observance of firm financial status. His guidelines in respect of capital investment are still relevant to India as on date. We can still learn much more from him. He had established the imagination of KalyanaRajya (Beneficiary Government).

India is store house of knowledge. It has protected many more books like Arthashastra and the others. Contemporary Financial Administrators may make more profit in case they adopt Koutilya’s teachings in their varied fields. In the global environment (milieu), his teachings in the financial and professional field cater to much more directive relevance.

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