

# Kautilya's Ideas on Interests, Institutions, Incentives and Yogakshema

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**Kautilya was a learned, ethical, wise, experienced, secular, progressive, independent and original thinker. He believed that poverty was death while living. His *Arthashastra* is a manual on promoting Yogakshema—peaceful enjoyment of prosperity—for all the people. It is shown that his approach is more suitable to our economy than the currently adopted western approach. He understood the economic system as an organic whole with interdependent parts. He undertook an in-depth and detailed analysis of each part at the micro level without losing sight of the macro goal of engineering shared prosperity. He believed in the power of persuasion, moral and material incentives and not in coercion or force to elicit effort. He designed material incentives in such a way that no crowding-out occurred, that is without weakening the moral incentives. He advanced a holistic yet logical and comprehensive approach to bring shared prosperity. In fact, a stakeholders-model in which the businessmen, workers and consumers share prosperity, is discernible in his *Arthashastra*. He relied both on the invisible hand (the market) and the direct hand (principles, policies and procedures) to enrich the people.**

*Index Terms*--About four, alphabetical order, key words or phrases, separated by commas.

## I. INTRODUCTION

Kautilya was deeply influenced by the Mahabharata (3102 BCE) and it appears as if it had happened in not too distant a past. Secondly, Rao (1973) points out that the measurements used in the *Arthashastra* are very similar to those prevalent during the Sindhu-Sarasvati Civilization (2600 BCE-1800 BCE).<sup>1</sup> According to the new research, Chandragupta Maurya ruled around 1534 BCE and not during the 4th century BCE. The preponderance of emerging evidence indicates that Kautilya wrote his *Arthashastra*—science of wealth and welfare—several centuries earlier than the fourth century BCE which has been advanced by the Western Indologists. They had taken upon themselves the selfless and tortuous task of dating, without any margin of error, all the historical events, such as the Aryan Invasion Theory and providing authentic interpretations of our ancient texts. They really need their well-deserved retirement from this demanding responsibility and leave it to the native amateurs. .

Kautilya was far-sighted, foresighted, ethical but not very religious, believed in designing an efficient organizational structure but was not a bureaucrat. According to him, law should promote economic efficiency and ethical conduct. His *Arthashastra* is a world heritage and source of national pride. He believed in flexibility but subject to fairness. He suggested both preventive and remedial measures to handle corruption, any threat to national security or natural calamity, such as famine, flood or fire. His insights, such as an ounce of

ethics was better than a ton of laws, market failure was bad, government failure was worse but the moral failure was the worst, are as relevant today as they were in his time. Section II provides a brief introduction to his *Arthashastra*.<sup>2</sup>

North (1990, 1995) defines institutions as rules of the game, that is, formal rules and regulations, such as a Constitution and informal rules, such as social norms, which constrain the socially unacceptable behavior of individuals.<sup>3</sup> Since the 90s, a considerable amount of intellectual effort has been devoted to study the relationship between institutions and economic growth. Some economists claim that institutions are the most important determinant of economic growth. In fact, these economists call institutions as the 'deep determinants' of growth. However, Kautilya argued that dharmic (ethical) conduct, not institutions, was the 'deep determinant' of economic growth. Since, according to Kautilya, only ethical decision-makers would create good institutions by putting public interest at par or ahead of their own personal interests.

We are indebted to the framers of our democratic Constitution. However, the Constituent Assembly could have benefited from Kautilya's advice in several other respects. He had surmised that (i) all possible preventive and remedial measures be undertaken to handle ever present threat of corruption, (ii) keep an eye on heads of villages and departments to prevent them from extracting bribes, (iii) one should learn even from a child, implying that the framers should have paid attention to the experiences of other countries, and (iv) try to eliminate avoidable conflicts of interest situations. This is presented

in Section III. Constituent Assembly copied the western legalistic approach that has essentially eliminated the role of conscience. Kautilya had emphasized that legalistic approach was only to complement the ethics-based approach and not to substitute it. His ideas for making provisions for ethical not religious education of children be incorporated into the Constitution, are presented in Section IV. He understood the power of incentives, interests and institutions and how each one influenced the others and how in turn was influenced by them. His ideas on motivating the decision-makers to do the right thing are collected in Section V. The final Section contains concluding observations.

## II. KAUTILYA'S ARTHASHASTRA

**“The ruler’s duties are stated to be five: punishment of the wicked, rewarding the righteous, development of state revenues by just means, impartiality in granting favors and protection of the state.” Kautilya ([4<sup>th</sup> century BCE] 2000b, p 88)**

Adam Smith came to be accepted as the founder of economics based on the arguments that (i) he was the first one to write a treatise on economics, and (ii) he synthesized brilliantly the existing ideas. It is shown in Chapters 3-20 Sihag (2014) that Kautilya was the first economist who accomplished all these feats and more two thousand years earlier than Adam Smith. Kautilya carved out economics as a separate discipline whereas Smith did not. Kautilya’s *Arthashastra* is much more sophisticated, both in method and content than Adam Smith’s *The Wealth of Nations*. Also, it may be noted that Kautilya’s *Arthashastra* deals with both an inquiry into the sources of economic growth and how to engineer it.

**Table 1: Concepts Developed and Used by Kautilya**

| Re-emerged during the period | Concepts Originated and applied by Kautilya                                                                                                                                                                                               |
|------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1700-1850                    | Gains from trade, diversification, Division of labor, Inter-temporal choice, labor theory of property, Law of diminishing returns, moral hazard, regulation of monopoly, sources of economic growth, Duipit Curve, principles of taxation |
| 1850-1900                    | Distinction short-run and long run, Efficiency Wages, externality, Demand-Supply Apparatus, Opportunity cost, Producer Surplus                                                                                                            |
| 1900-1970                    | Principal-agent problem, Liquidity, Mean-Variance approach, non-cooperative game                                                                                                                                                          |
| 1970-Present                 | Asymmetric information, piece-wise Linear income Tax, Loss-aversion, information economics, Self-protection, self-insurance, Time Inconsistency, Systemic risk                                                                            |

That is, Kautilya’s *Arthashastra* is a manual on promoting *Yogakshema*—the peaceful enjoyment of prosperity—of all the people. Adam Smith’s *Wealth of Nations* is confined only to an inquiry.<sup>4</sup>

### A. Kautilya: The True Founder of Economics

The following table lists some of the concepts innovated and used by Kautilya. It also provides the time-periods of their re-emergence.

On the other hand, Adam Smith did not innovate a single concept in economics. Barber (1967, p17) observes, “Little of the content of *The Wealth of Nations* can be regarded as original to Smith himself. Most of the book’s arguments had in one form or another been in circulation for some time.”

### B. Kautilya as a One-Man Planning Commission and More

Kautilya’s *Arthashastra* is comprehensive, coherent, concise and consistent. It consists of three fully developed but inter-dependent parts.

(a) Principles and policies related to economic growth, taxation, international trade, efficient, clean and caring governance, moral and material incentives to elicit effort and preventive and remedial measures to deal with famines.

(b) Administration of justice, minimization of legal errors, formulation of ethical and efficient laws, labour theory of property, regulation of monopolies and monopsonies, protection of privacy, laws against sexual harassment and child labour.

(c) All aspects of national security: energetic, enthusiastic, well trained and equipped soldiers, most qualified and loyal advisers, strong public support, setting-up an intelligence and analysis wing, negotiating a favourable treaty, military tactics and strategy, and diet of soldiers to enhance their endurance.

## III. KAUTILYA’S LEGALIST APPROACH TO IMPROVING INSTITUTIONS

Kautilya’s *Arthashastra* is a manual on how to promote *Yogakshema*—peaceful enjoyment of prosperity—for all the people. Kautilya put heavy emphasis on building infrastructure, such as roads, water works to promote growth in the private sector. He believed in raising the tax revenue by increasing income through expanding the productive capacity of the economy rather than by raising the tax rate. The increased tax revenue was to be used to further increase the productive capacity of the economy and consequently income and that in turn tax revenue. In other words, he believed in the virtuous cycle: higher income resulting in higher tax revenue and that in turn to higher income by building infrastructure with the tax revenue. He understood that the virtuous cycle would happen only if the taxpayers paid their taxes fully and the government officials put the tax revenue to the most productive

projects and did not siphon off the tax revenue for personal uses. According to him, corruption was a major threat to bringing prosperity and should not be taken lightly. His observations related to corruption are truly insightful. Some of those are:

(a) **Resisting the temptation to embezzle was hard:** If you put halva or honey at someone's tongue, it would be hard not to swallow it. He insisted on appointing individuals of impeccable character to posts that handled revenue to minimize the ever present threat of corruption. Kautilya (p 281) wrote, "Just as it is impossible not to taste honey or poison that one may find at the tip of one's tongue, so it is impossible for one dealing with government funds not to taste, at least a little bit, of the King's wealth (2.9.32)."

(b) **Its detection was even harder:** Note, there were no Swiss banks at the time yet it was not easy to detect corruption. Kautilya (p 283), observed, "It is possible to know even the path of birds flying in the sky but not the ways of government servants who hide their [dishonest] income (2.9.34)." He (p 281) added, "Just as it is impossible to know when a fish moving in water is drinking it, so it is impossible to find out when government servants in charge of undertakings misappropriate money (2.9.33)." In a democratic system like ours, the term 'government servant' should be taken to embrace the political executive (ministers) as well; Supreme Court has treated them under the category 'public servants'.

(c) **Identification of those who could be Corrupt:** Kautilya (p 221) pointed out, "There are thirteen types of undesirable persons who amass wealth secretly by causing injury to the population. [These are: corrupt judges and magistrates, heads of villages or departments who extort money from the public, perjurers and procurers of perjury, those who practice witchcraft, black magic or sorcery, poisoners, narcotic dealers, counterfeiters and adulterators of precious metals]. When they are exposed by secret agents, they shall either be exiled or made to pay adequate compensation proportionate to the gravity of the offense (4.4)." No one should be surprised at the current level of moral decay and resultant corruption. Kautilya would have predicted it since no effective measures were taken to prevent it. The question boils down to: how we are going to prevent a Chief Minister, Minister or a party chief from becoming a thief? That is, how are we going to take away the key to the treasure from a thief or causing harm to the system by bending it to accommodate personal interests?

*Kautilya on Minimizing Scope for Conflicts of Interest:* Kautilya, proposed the establishment of two very important offices to monitor and manage the financial health of the state: the positions of a Treasurer and a Chief Comptroller-Auditor. They were very well paid, and in turn they must be incorruptible and efficient. Creation of two independent positions reduced the scope for corruption. Suppose the Auditor was subordinate to the Treasurer and the Treasurer was corrupt and stole from the Treasury. The Auditor might be too afraid to report to the king. Also the Treasurer might ask the Auditor not to

audit certain units. This is precisely the situation faced today. For example, if the Home Minister were corrupt, the CBI being part of Home Ministry, would need his permission to investigate him or any other corrupt person/entity. That is clearly a case of conflicts of interest. Kautilya (p 200) wrote, "No one who belongs to the side likely to be adversely affected by the project shall be consulted (1.15.46)."

Corruption was rampant in England during the 18<sup>th</sup> century. Alfred Marshall, a British economist, provided an explanation why it had declined. He (1925, pp 335-336) believed, "The people now able to rule their rulers and check class abuse of power and privilege, in a way which was impossible before the days of general education and a general surplus of energy over that required for earning a living."

Mackenzie and Hafken (2002) describe level of corruption in USA during President Lincoln's time. They (p 10) note, "The enterprises of fielding, equipping, and supplying the Union forces were littered with payoffs and kickbacks and rip-offs. Middlemen bribed public officials to get contracts for their clients, vessels chartered by the government never left port, and goods delivered under government contract often fell short of the negotiated standards." They quote the report of a House investigating committee (1862), "such gross and unblushing frauds would have cost those who participated in them their heads under any system than our own." They describe the post-Civil war period when the industrial revolution in America was in full swing. They (p 10) add, "In politics, patronage was king, and government service seemed but one more avenue to the cornucopia of opportunities that filled the era. Historian Vernon Louis Parrington compared the "come and get it" morality of the time to a "Great Barbeque"."

According to the original American Constitution, which was introduced in 1787, Senate members, just like our Rajya Sabha members, were elected/selected by the state legislatures and that, just like in our country, had allowed all sorts of corruption. Public there could not tolerate the blatant corruption and campaigned successfully to amend the Constitution and introduce direct election of Senate Members. Similarly under public pressure the primaries for all the legislatures were introduced.

*Political Reforms in India:* Framers of our Constitution had this information and could have benefited from it. The following changes to the Constitution could reduce the scope for corruption: (i) Public should decide who gets the ticket not the bosses of political parties in New Delhi or in state capitals. In the short run that is the only (until people become politically mature and discerning) way that criminals could be prevented from getting party tickets by paying crores of rupees to the designated handler. (ii) Rajya Sabha members should also be elected by the public and not by the state legislators, who are openly bought. (iii) CBI and other investigative agencies should be made genuinely autonomous entities under reasonable social control; their Heads should not be civil servants, who were likely to behave like 'caged parrots'.

(iv) Any public servant, who receives bribe and / or misuses his authority against public good (not the person who is forced to give bribe), should be prosecuted.

#### IV. KAUTILYA: CHARACTER-BUILDING ESSENTIAL TO NATION-BUILDING

Kautilya put heavy emphasis on ethical environment. According to him, if there were no ethics there would be no society and no prosperity. He repeatedly returned to this theme. He (p 142) wrote, “Government by Rule of Law, which alone can guarantee security of life and welfare of the people, is, in turn, dependent on the self-discipline of the king (1.5).” That is, if rulers are not ethical, there would be no rule of law and it would be unlikely for a country to attain its potential level of prosperity. On the other hand, he asserted, “For the world when maintained in accordance with the Vedas, will ever prosper and not perish. Therefore the king shall never allow the people to swerve from their dharma.” He (p 141) also warned, “A king who flouts the teachings of the *Dharmashastras* and *The Arthashastra*, ruins the kingdom by his own injustice (8.2.12).” However, despite explicit warnings by Kautilya, our Constituent Assembly did not foresee the possibility of moral decay and rampant corruption and consequently, did not include any provision to maintain or strengthen the moral fabric of our society.

Adoption of the western legalistic approach would provide some necessary relief immediately and also allow time for the working out of other fundamental reforms. However, Kautilya’s goal of creating a nation free of crimes and corruption could not be realized with a legalistic approach as such. Since, according to him, crimes of passions arising from anger, greed or lust, could effectively be curtailed only by self-discipline acquired through ethical anchoring and not by laws even if these were forcefully implemented. For example, he wrote, “Greed clouds the mind”, that is, a greedy person loses his logical ability to foresee its destructive consequences. He (p 137) believed, “Vices are due to ignorance and indiscipline; an unlearned man does not perceive the injurious consequences of his vices (8.3).” He (p 144) stated, “The sole aim of all branches of knowledge is to inculcate restraint over the senses (1.6.3). Self-control, which is the basis of knowledge and discipline, is acquired by giving up lust, anger, greed, conceit, arrogance and foolhardiness. Living in accordance with the *shastras* means avoiding over-indulgence in all pleasures of [the senses, i.e.,] hearing, touch, sight, taste and smell (1.6.1, 2).”

Secondly, according to our traditions, the emphasis was on (i) that a defendant publically admitted his guilt and (ii) willingly performed penance. Robert Lingat (1967/2004, p 64) notes, “Penance inflicted on the wrongdoer often provides a kind of public reparation for the victim sufficient to assuage his desire for vengeance. Occasionally, too, the penance devised takes into account reparation to the victim.” Current legal system does not allow any role for an apology or repentance. Canada is the only country that has recently started experimenting

by incorporating the role of an apology. Emphasis should be put on community service and ethical training. Thirdly, Kautilya was not religious but very ethical and secular and strongly advocated both since he did not find any conflict between them. Somehow framers of our Constitution incorrectly equated ethics with religion and therefore believed that these were incompatible with each other and strangely ended up undermining both ethical and secular fabric of our society.

*Ethical Anchoring of Children:* According to Kautilya, it is better to pass on good values rather than ill-gotten wealth to the younger generation. If we insist on labeling reforms as the ‘first generation’ reforms and ‘second generation’ reforms, Kautilya might suggest a more appropriate distinction: to undertake reforms of the ‘old generation,’ which is running the country at the moment and whose unethical behavior could be casting a long shadow on the character building of the younger generation. Kautilya (pp 155-156) wrote, “‘There can be no greater crime or sin’, says Kautilya, ‘than making wicked impressions on an innocent mind. Just as a clean object is stained with whatever is smeared on it, so a prince, with a fresh mind, understands as the truth whatever is taught to him. Therefore, a prince should be taught what is dharma and artha, not what is unrighteous and materially harmful (1.17).’” In a democratic country every child is a prince. Moreover, he (p 123) pointed out, “Whatever character the king has, the other elements also come to have the same (8.1).”

Kautilya advocated teaching and practicing of non-violence, compassion, truthfulness, tolerance, malice against none and cleanliness for creating an ethical society in which everyone could enjoy prosperity and security. These are secular values and do not promote or offend any religion. Ethical training should be made mandatory just like other basic subjects.

#### V. KAUTILYA ON HOW TO MOTIVATE THE DECISION-MAKERS TO DO THE RIGHT THING

**“The miser should be won over by means of wealth, the proud man by offering respect, the fool by flattery, and the learned one by truthfulness.”**

**Kautilya ([4<sup>th</sup> century BCE] 2000b, p 116)**

Everyone acknowledges Kautilya as the king-maker but hardly any knows or acknowledges him as a maker of his age. Kautilya envisioned a prosperous, secure, crime-free and secular nation and his *Arthashastra* is a manual for realizing that vision. He did not believe in getting things done by breaking or twisting someone’s arm since he knew that the twisted behavior would come back as soon as the arm was let go. Instead, he believed in the power of persuasion and incentives to harness and channelize the private interest to serve the public interest also. Actually, understanding the distinction between private interest and public interest goes back, at least, to Lord Rama’s times. He often sacrificed his personal interest to protect and promote public interest. At that time, self-discipline acquired through ethical anchoring, was the sole

instrument relied upon to put public interest at par or ahead of the private interest.

Ancient sages wanted to create a harmonious, peaceful and caring society. They identified the system-creating virtues and system-destroying vices. For example, Apastamba [ Olivelle (1999, p 34)] wrote, “Refraining from anger, excitement, rage, greed, perplexity, hypocrisy, and malice, speaking the truth; refraining from overeating, calumny, and envy; sharing, liberality, rectitude, gentleness, self-control, amity with

all creatures,...benevolence and contentment.” They surmised that if a person wanted to go to heaven, he must lead a virtuous life, perform good deeds and control vices, that is, he could not go to heaven unless he created heaven on earth. Thus, the motivation to go to heaven aligned private interest to public interest (see Sihag (2014, Chapter 6) for more details). Kautilya extended their approach of aligning private interest to public interest for bringing both peace and prosperity. The following table captures Kautilya’s extended framework

**Table 2: Interests and Incentives**

|                          | Public Interest                                                                                                                                                                                                                               | Against Public Interest                                                                                                                                                             |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Private Interest         | Ideal: Creation of a caring, peaceful and harmonious society by teaching ethical values: non-violence, compassion, honesty, truthfulness, tolerance, malice against none and cleanliness<br>Case I (ethical anchoring)                        | Conflicts of Interest<br>Discouragement to do harmful activities, such as insider trading, financial manipulation, regulatory arbitrage, lobbying (legalistic approach)<br>Case III |
| Against Private Interest | Conflicts of interest<br>Encouragement to do beneficial activities, such as charitable contributions, performing good deeds, risking one’s life to defend the mother land (Emphasis moral duty and Incentives)<br>Case II (ethical anchoring) | Worst (greed, anger, lust)<br>Acquisition of self-discipline to check destructive emotions and vices (ethical anchoring)<br>Case IV                                                 |

Apastamba and other Ancient sages essentially focused on identifying and promoting system-building ethical values (Case I) and controlling system-destroying vices (Case IV). Kautilya, just like his predecessors, whole-heartedly accepted and promoted ethical anchoring, but complemented that with persuasion and material incentives to channelize private interest to serve the public interest. He added conflicts of interest Case II and Case III to that of his predecessors’ list. He realized that certain activities were in public interest, such as making charitable contributions, doing good deeds, taking risks to defend the mother land but not in private interest as indicated by Case II. And similarly, some activities were in private interest but against public interest, such as insider trading, financial manipulation, regulatory arbitrage and lobbying as indicated by

Case III. *Moral Duty*: According to Kautilya, it is the moral duty of the rulers to protect and promote public interest and they would be rewarded with residence in heaven. He (p 377) wrote, “A king who observes his duty of protecting his people justly and according to law will go to heaven, whereas one who does not protect them or inflicts unjust punishment will not (3.1.42).” The legislators are the trustees and they should devote themselves to advance their voters’ interests. Kautilya (p 149) stated, “In the happiness of his subjects lies his happiness; in their welfare his welfare. He shall not consider as good only that

which pleases him but treat as beneficial to him whatever pleases his subjects (1.19).” The older generation got us the freedom and gave us a Constitution. Now it is the moral duty of the current generation of leaders to amend the Constitution and promote Yogakshema for all the people.

*Self-interest*: According to Kautilya, public would not tolerate injustice and poverty for too long. CBI prosecuting selectively and similarly, the Income tax Department auditing selectively and often opponents of the ruling party, would not be tolerated for too long. Additionally, nothing gets done without greasing the palms. This is not a sustainable situation. Kautilya (p 133) described the existing conditions during Nanda’s rule as:

“A decadent king, on the other hand, oppresses the people by demanding gifts, seizing what he wants and grabbing for himself and his favourites the produce of the country [i.e. the king and his coterie consume more than their due share thus considerably impoverishing the treasury and the people.] (8.4).” He (p 159) added that such a king: “Ignores the good [people] and favours the wicked, causes harm by new unrighteous practices; neglects the observation of the proper and righteous practices; suppresses dharma and propagates adharma; does what ought not to be done and fails to what ought to be done; fails to give what ought to be given and exacts what he cannot rightly take; ‘indulges in wasteful expenditure and destroys profitable undertakings’; does not punish those who ought to be punished but punishes those

who do not deserve to be; arrests those who should not be arrested but fails to arrest who should be seized; 'fails to protect the people from thieves and robs them himself'; 'does not recompense service done to him'; 'does not carry out his part of what had been agreed upon' 'by his indolence and negligence destroys the welfare of his people' (7.5).

Situation now may not be much different from Nanda's rule. No one needs reminding as to what happened to Nanda's kingdom. There is only a short window to do the right things. That is, it is a matter of a couple of years and not decades, people will start agitations against the poor governance and rampant corruption. It may appear calm before a tsunami. No one can predict or control the level of violence and destruction of property from agitations. It is in sitting legislators' own interest to amend the Constitution and protect themselves from the fury of public anger. On the other hand, if they do the right thing, public would honor them and reward them with a lifelong opportunity to maintain their current status.

*Incentives:* Kautilya believed that those who make sacrifices for a common good or for protecting the country should be showered with honors and awards. He (p 272) wrote, "The King may also ask the rich to give as much gold as they can, either voluntarily or in expectation of favors. Honors and status symbols (umbrella, headgear, decorations) may be bestowed on them in return for gold (5.2.35, 36)." If the sitting legislators carry out all the necessary amendments to the Constitution, they should be awarded Tamar Patars and may be an extra year of tenure. Since it would be an historic, courageous and selfless act that would finally liberate us from the colonial mind-set.

## VI. CONCLUDING OBSERVATIONS

Kautilya's goal was to create a society without any crimes and corruption. According to him, some mandatory courses on ethics should be introduced in the primary and high schools. Secular values, such as honesty, non-violence (both physical and financial), truthfulness, compassion, tolerance and cleanliness should be instilled into our children. That is the most reliable method to reduce corruption and a purely legalistic approach could never succeed in preventing crimes or corruption. It has not succeeded in the so-called advanced countries. Then why should anybody think it would in our country? Legislators should be aware of the fact that agitations for change are inevitable and often involve violence and destruction. Why wait for that to happen? Introduction of primaries, direct election of Rajya Sabha members, ethical anchoring and only the official, who accepts bribes, should be prosecuted and not the person who has to give bribes under pressure or intimidation.

When a drunk driver runs over sleeping children, and where grabbing rather than giving have become a standard practice, that is not the India any one of us wants. Let us remove the dust over our Atmans that has

been accumulating for some time. We should not copy the west. We should develop self-discipline to overcome the destructive vices of lust, anger and greed. We are blessed with enormous energy, divine hearts, and super intelligence and multiple talents. We can build a spiritually and materially strong Nation that would be an envy of the world. It is doable. But this time we must be vigilant that no one could dare cast an evil eye on our country. Also keeping in view that the current situation did not arise overnight and it would not improve overnight. It would take several years of sustained effort to get rid of the current unhealthy situation.

## VII. NOTES

\*Helpful suggestions from Bhoopendra Sinha are deeply appreciated.

1 D. P. Agrawal (2009, p 55) notes, "Rao has also pointed out that the 17.7 mm Harappan division is very near the traditional angula measure of 17.86 mm of the Arthashastra."

2 Contents of Section II are extracted from Sihag (2014).

3 Rules of the Game: North (1995, p 23) defines institutions as, "Institutions are the rules of the game of a society, or, more formally, are the humanly devised constraints that structure human interaction. They are composed of formal rules (statute law, common law, regulations), informal constraints (conventions, norms of behavior and self-imposed codes of conduct), and the enforcement characteristics of both." According to North (1990, p 47), "Formal rules include political (and judicial) rules, economic rules and contracts. The hierarchy of such rules, from constitutions, to statute and common laws, to specific bylaws, and finally to individual contracts defines constraints, from general rules to particular specifications. And typically constitutions are designed to be more costly to alter than statute laws, just as a statute law is more costly to alter than individual contracts. Political rules broadly define the hierarchical structure of the polity, its basic decision structure, and the explicit characteristics of agenda control. Economic rules define property rights, that is, the bundle of rights over the use and the income to be derived from property and the ability to alienate an asset or a resource. Contracts contain the provisions specific to a particular agreement in exchange."

4 "ananyaashchintayanto maam ye janaahaa paryupaasate  
|teshaam nityaabhiyuktaanaam yogakshemam  
vahaamyaham" (Chap. 9, Verse 22)

"With single-pointed meditation, those who are constantly engaged in my worship, I carry the burden of acquisition and preservation of their needs."

<http://journeygita.blogspot.com/2012/08/bhagavad-gita-verse-22-chapter-9.html>

Kangle, R. P. (1972, PART II, P 9, fn. 3) defines Yogakshema as “yoga is the acquisition of things and kshema is their secure possession; the two together convey the idea of security and well-being or prosperity.” Rangarajan translates yogakshema as peaceful enjoyment of prosperity.

Meaning of Yogakshema in The Geeta and The Arthashastra is the same: yoga means acquisition and kshema means preservation. Only difference is in The Geeta, Lord Krishna takes care of His devotees whereas Kautilya wants a rajarishi (an ethical and wise king) to take care of his subjects.

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