

Taxation and Revenue Collection in Ancient India

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*Reflections on Mahabharata,
Manusmriti, Arthasastra
and Shukranitisar*

By

Sanjeev Kumar Sharma

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PREFACE

The present work is a modest attempt at exploring the administrative structures and the organizational systems of ancient Indian polity. The spate of research witnessed in the early quarter of the 20th century concentrating on the political institutions and arrangements of early 'Hindu' India have been dubbed as anxious attempts to glorify the ancient Indian past in order to legitimize the demands for self- rule and independence in the early years of the national movement. The terms like 'cultural' and 'nationalistic' approaches to the study of ancient India have also been conveniently coined. The endeavors to counter the constructs like 'oriental despotism' have also been viewed with sufficient skepticism about their academic impartiality and research value. The post-independence period in Indian social science research has been greatly influenced, conditioned and indoctrinated by the left-liberal Marxist approach, which emphatically insists on explaining each and every phenomenon in the terminology of production, oppression, exploitation, discrimination and class-struggle, and which very vehemently opposes any attempt to view things in a cultural perspective. The natural corollary to this trend was the deliberate neglect of every attempt to study any aspect of ancient Indian Politics in a non-Marxist way.

The present work, although thoroughly screening the major findings of Marxist scholars about ancient Indian politics, necessarily deviates from that path and humbly attempts to find out some of the links between four great philosophers of ancient India with regard to financial administration and public finance. The main dimensions covered are revenue collection and taxation in ancient India, with special attention to the study of *Mahabharata*, *Manu Smriti*, *Shukranitisar* and Kautilya's *Arthashastra*. In the scheme of the things some reflections on *Mahabharata* and *Yajnavalkya Smriti* are also provided so as to present a more comprehensive view of ancient Indian political thinking.

The work is only a step forwards in the direction of more and more serious systematic and impartial studies of the immense intellectual treasure of our great nation, which may significantly help us in carving out the new road-maps for our overall development and growth. Further suggestions from scholars would necessarily give me more courage and commitment to tread deeper into the unknown and unexplored areas of

academic value in the ancient Indian texts. This attempt has various limitations, which the scholars would definitely ignore out of their sagacity, but my understanding of my inabilities leads me to invoke my favourite poet Kalidasa, who says:

मन्दः कवियशः प्रार्थी गमिष्याम्युपहास्यताम् ।
प्रांशु लभ्ये फले लोभाद्दुबाहुस्त्रिव वामनः ॥

Meerut
Republic Day 26th January 2014

FOREWORD



H.H. Pujya Swami Chidanand Saraswati
President, Parmarth Niketan

ॐ पूर्णमदः पूर्णमिदं पूर्णात्पूर्णमुदच्यते
पूर्णश्च पूर्णमादाय पूर्णमेवावशिष्यते ॥
ॐ शान्तिः शान्तिः शान्तिः ॥

www.parmarth.org
www.pujyaswamiji.org

Om Puurnnam-Adah Puurnnam-Idam Puurnnaat-Purnnam-Udacyate
Puurnnashya Puurnnam-Aadaaya Puurnnam-Eva-Avashissyate ॥
Om Shaantih Shaantih Shaantih

Dear Divine Souls,

I am so proud of Dr Sanjeev Kumar Sharma for completing this unique and comprehensive assessment of taxation and financial management. This unique book has taken the four ancient scriptures of the Mahabharata, Manusmriti, Shukranitisar and the Arthashastra and analysed the inherent wisdom within these texts to highlight and make available the deep wisdom of the guiding principles of financial administration.

Dr Sharma's analysis challenges us to change our society's narrow concept of financial governance and economics as being a necessary driving forces for wealth creation and replaces it with a far wider reaching holistic truth. Indeed, the true role of financial governance has always been available to us in these guiding texts of our ancient Vedic scriptures and it is thanks to Dr Kumar's dedication and devotion that it can now be brought back into our awareness.

These guiding universal principles of life were made available to our ancient sages who, because of their deep penance and austerities channelled this divine wisdom for the benefit of mankind. The wisdom of these universal principles is not restricted to a particular time or culture, it is truly timeless and for the benefit of all. Today, more than ever, the light of this universal knowledge is needed to dispel the darkness of our ignorance.

Today, in our society, we are faced with the many social challenges of corruption, overconsumption and greed. We are faced with so many problems caused by living in imbalance with the world. We are suffering from wars; our many brothers and sisters are struggling to eat enough food while we relentlessly consume and waste our planet's limited resources.

During the recent launch and inauguration ceremonies of our comprehensive, eleven volume Encyclopedia of Hinduism at the Vigyan Bhawan in India, as well as in America and London, I shared extensively how the Indian spiritual tradition, and thereby our sacred scriptures, are truly holistic. They have never isolated pieces of knowledge from the whole. (To learn more about the Encyclopedia of Hinduism project, visit: www.theencyclopediaofhinduism.com). So, through Dr Sharma's work, we come to again appreciate that our financial systems cannot be seen in isolation and used for the benefit of the few. They belong in the context of the universal balance sheet which sees that all creatures and creation have the right to abundance and to live harmoniously with the whole. And yet, how do we live in this balance and harmony? One simple yet powerful way to maintain our universal balance sheet is to maintain the balance sheet of our own lives. By reviewing and introspecting on our own thoughts and actions we can see if our own books are balanced. Have we received more than we have given? Have we taken just enough to meet our needs or have we taken too much? It is important that we ask ourselves if have we consumed more or eaten more than we really need and in doing that, have we used our precious Earth's valuable and finite resources just for our gain? When our books are balanced because we think, act and use our resources for the welfare of all; we will not only live with abundance and harmony but each and everyone of us will help to restore balance in the universal book and so restore peace and harmony in the world.

Let us be inspired to take the message of our scriptures, let us take Dr. Sanjeev Kumarji's tenacious efforts to assess and analyze it and apply it in the balance sheet of our own lives- so that we are indeed, truly wealthy.

With love and blessings,
In service of God and humanity,



Swami Chidanand Saraswati
President, Parmarth Niketan (Rishikesh)
Co-Founder, Global Interfaith WASH Alliance
Founder, Ganga Action Parivar, Divine Shakti Foundation

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Howsoever formal it may appear, it is definitely true that no work can be accomplished single-handedly. I, too, have been privileged enough to get sufficient help and support from a large number of friends and well-wishers. Right from the beginning of my academic career, I had been working on different aspects of political communication in rural and urban settings with perspectives of political socialization, participation, awareness and information dissemination. For a long time my father, Dr. CP Sharma, and my most revered teacher, the late Acharya Ramnath Suman, had been persuading me to make use of my little knowledge of Sanskrit in understanding a political phenomenon in ancient India. But it was only afterwards when my teacher, Professor SK Chaturvedi, insisted on me in 2003 preparing some papers on ancient Indian politics for publication in the journal he was editing and for presentation at the IPSA World Congress at Durban, that I was oriented in seriously studying ancient Indian texts with the perspective of a student of political science. Therefore, I am immensely grateful to all these three great personalities for showing me the right and required direction for my future research attempts and academic works.

Amongst the very few existing known academics working on different aspects of ancient Indian polity, two very prominent ones happen to be my very close friends, namely Professor Madhukar Shayam Chaturvedi and Professor Kaushal Kishore Mishra. Unfortunately Madhukar-*ji* left for the heavenly abode in August 2011, but his dedication and commitment for the studies of ancient Indian politics has always remained a source of inspiration for me. Professor Mishra has also done considerable work in this field, which has encouraged me to a great extent to try my hands at it also.

Financial assistance for this study has been provided by the University Grants Commission (UGC), New Delhi, under the Major Research Project Scheme. The researcher is highly thankful to all those concerned in the UGC for providing this financial help without which the present study could not have seen the light of the day.

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persistently strengthened my self-confidence by expressing nice words and assuring compliments, besides keeping constant vigil on my academic efforts. My Project Associate, Ms. Mamta, has proved to be a sincere, hardworking, dedicated and focused individual in managing the affairs of the study, despite her precarious family issues. She is, in fact, part and parcel of this study. So I will not say thanks to her.

My students Dr. Aditi Tyagi, Dr Sushma Rampal, Dr. Devendra Kumar, Dr. Abhay Vikram Singh, Dr. Viplav, Dr. Naresh and Dr. Triranjana Raj have always been unfailingly supportive and enthusiastically sympathetic to me. Ms. Chanchal has done the proof reading of the Sanskrit portions very carefully and meticulously. I am really thankful to all of them for their strong faith and enduring belief in me. Professor P. Shashirekha of Osmania University, Hyderabad, is a great scholar of Sanskrit. She was tremendously generous in providing me access to her personal library, which was immensely helpful for my understanding of the subject under study. I express my deep sense of gratitude to her. My friend Professor Muzaffar Assadi was immensely helpful in providing me necessary access to some old Sanskrit manuscripts besides giving great hospitality at Mysore. I am deeply indebted to him. I am extremely grateful to the most respected Swamiji Shree Chidanand Saraswati, President, Parmarth Niketan, Rishikesh for very kindly finding time and writing a foreword of the book and blessing me with his divine spirituality.

I am greatly thankful to the librarians of Indian Institute of Public Administration, New Delhi, Oriental Research Institute, Mysore, Osmania University, Hyderabad, National Library, Kolkata, Bangalore University, Bangalore, SAP Political Science, University of Rajasthan, Jaipur, Banaras Hindu University, Varanasi, CCS University, Meerut, Indian Institute of Advanced Studies, Shimla and Kameshwar Singh Sanskrit University, Darbhanga for providing institutional help for me during this study.

My typists, Ms. Rashmi Nagar and Ms. Kavita Joshi, are two hardworking and committed girls, both of whom have never complained, even when they were frequently asked to work after normal hours or even on holidays. These two beautiful girls have typed the rough draft again and again and their perseverance has impressed me a lot. My sincere blessings to both of them. My wife, Dr. Nidhi Sharma, and my lovely daughter Manya have, as always, provided me with enough space to remain engaged in academics and relieved from household duties. My sincere thanks to both of them. Lastly, my office assistant, Mr. Amit Kumar, also needs mention because of his ever-smiling and never-say-no attitude. God bless him.

CHAPTER ONE

INTRODUCTION

Taxation and revenue collection comprise one of the most significant and pivotal aspects of any system of administration and governance. The basic structure of taxes ultimately provides for revenue collection for the state machinery and is the basis of state functioning. The plans for societal development and overall progress of the state can be materialized only when the condition of public finances is conducive to the state's efforts in this direction. Ancient Indian political thinking has always considered the issue of public finance to be of prime importance, and this is why the *Mahabharata*, *Manusmriti*, the *Arthashastra* and *Shukranitisar* provide detailed descriptions of the ways and means of creating an abundant treasury (*Kosha*), which is the inseparable part of the seven organs of the state machinery (*Saptanga*). These treatises discuss the methods of revenue collection, along with describing the modes of taxation, with specifications for levying normal and additional taxes in different conditions and for different categories of citizenry. The present study tries to explain the nature and structure of taxation and revenue collection, as narrated by Vyasa, Manu, Kautilya and Shukra in their monumental classics, with a perspective on financial administration and public finance in ancient India.

Research Problem

There is a need for a systematic and scientific investigation into the public finance systems in ancient India, through specific inquiry into the description of taxation and revenue collection system in ancient Indian Sanskrit treatises, including literary works of different writers, so as to enable the academic community to properly analyze, contrast and compare it with the parallel modern concepts; and with an impartial, normative and rational perspective on the contemporary relevance and academic significance of the valuable works of our forefathers. This will not only bring back into focus the excellent intellectual wealth of our ancient past,

but will also explode some of the formidable modern myths about civilizational achievements of yore.

It is in this background that the present study has been undertaken to make an attempt to study the works of Vyasa, Manu, Kautilya and Shukra, which are spread across a period of many centuries, with regard to financial administration and public finance in ancient India, with special reference to taxation and revenue collection systems. An overview of scholarship in the area of ancient Indian political theory reveals that there are many research gaps; research is often incomplete, inadequate or incommensurate. Many of the earlier research works show a strong euro-centric approach and do not fully highlight the importance of ancient Indian political thought.

Modern public finance deals with governmental measures to establish a rational relationship and equilibrium between national income and expenditure. The main objectives of modern public finance, in general, are to secure the financial position of the state on a sound footing, to help the state to achieve its aims and ideals through commensurate financial policies, and to ensure its competitiveness in an international arena. It is remarkable to note that even though formulated thousands of years ago, Kautilya's perspective on public finance is similar to the modern one in several respects.

In the earliest period of Indian history, the early Vedic Period, the state probably depended for its support on the voluntary contributions of the people. But some method of compulsory contribution must have been found necessary in India as soon as a more improved form of government had come into existence. The early tax-system, however, was a very simple one, and the evolution of a complex system of public finance was doubtless a slow and gradual process. By the fourth century B.C. the system of public finance had reached a very advanced stage of development, as is evident in Kautilya's *Arthashastra* and the *Brahmamical* and *Buddhist* texts.

The management of finance is crucial and inescapable for administration, and this was realized by the authors of the *Manusmriti*, *Arthashastra* and *Shukranitisar*. As a matter of fact, financial operations affected the very structure of ancient Indian government and the nature and scope of its policies. Financial planning was acknowledged by Manu, Kautilya and Shukra as the life-breath of the state, as much as it is now accepted by the modern state. Recognizing the extraordinary significance of finance in the political administration of the state, it was stated that all undertakings depend upon finance and the king should look to the treasury first. It was underlined that when the receipts and expenditure are properly

cared for, the king will never find himself in financial and military difficulties. In all these texts there is a well-planned, laid out strategy for attaining legitimacy for the state functioning, and also for creating and completing ambitious construction projects for wider public use.

The necessity of the origin of the state had been caused by the visible repercussions of anarchy and the inherent wickedness in the character of human beings. Therefore, the divergent concepts of the origin of the state, however conflicting, indicate the importance of *Danda*, which appears to be the Sanskrit equivalent of authority of the state to rule, to make rules, to punish, to reward, to decide, to arbitrate, to protect, to maintain law and order, and to work for the overall well-being, *Yogakshema*, of the people. Hence, the legitimacy of the power of the state essentially emanates from its capacity to perform. Therefore, there are references everywhere in Sanskrit literature about the requirement of the state to function judiciously day and night for the protection of the interests of the subjects. This legitimization gives birth to the construction of the authority of the state above the individual rights and the state's authority on everything on the earth. Viewed from modern (read: Western) perspective, this over-reaching authority of the state has appeared to most of the commentators as the absolute power of the state over subjects and has given birth to the well-endorsed constructs of 'oriental despotism'. It has to be essentially underlined that the authority of the state, physically represented by the king, was never uncontrolled, unbridled and authoritarian. The important characteristics of ancient Indian statecraft, therefore, were always designed by the fundamental requirements of fulfilling the expectations of the people, providing them with the required development, protecting them from all the internal and external dangers, avoiding any harshness, coercion or demonstrative punishment in normal circumstances, eliminating the slightest possibilities of exploitation, and bringing forward all possible good living conditions by the untiring efforts of the state. (*Kalidasa* in his world famous play *Abhijnanashakuntalam* mentions that the authority of the state is more a responsibility than any kind of power. राज्यं स्वहस्तधृतदण्डमिवातपत्रम्)

Altekar argues that 'when the literature on politics proper began to be developed, we find that promotion of *Dharma*, *Artha* and *Kama* is usually mentioned as the aims of the state. The state was to promote *Dharma*, not by championing any particular sect or religion, but by fostering a feeling of piety and religiousness, by encouraging virtue and morality, by extending help to the establishment belonging to all religious groups and sects, by maintaining free hospitals and feeding houses for the poor and the decrepit, and last but not the least, by extending patronage to literature

and science. The promotion of *Artha* was to be procured by encouraging trade, industry and agriculture, by developing national resources, by bringing fresh land under cultivation, by building dams and canals to make agriculture independent of rain, and by encouraging extensive and systematic working of mines. The state was to promote *Kama* by ensuring peace and order so that each individual may enjoy life undisturbed, and by offering encouragement of fine arts like music, dancing, painting, sculpture and architecture, in order to promote aesthetic culture. The state was thus expected to maintain peace and order and promote moral, material and aesthetic progress of society.¹ Further to this, Altekar comments that 'our writers of ancient India have fully recognized the ideal of perfect development of the individual to the development of the society, when they laid down that it was the business of the state to promote *Dharma*, *Artha*, *Kama*, and *Moksha*, only they have not used the modern terminology. The ideal of *sarvabhuthita*, which is emphasized in several places, refers not only to spiritual, but also to the mundane sphere.'² On the point of religion deciding the political thought in ancient India, Altekar argues that 'we have to admit that religious and philosophical dogmas and concepts did not deeply influence the Hindu political thought or institutions.'³ It has been argued that the state was over-zealous in the collection of revenue from all possible sources so that wealth so accumulated might be spent on the protection of the state from external and internal danger, and on social services and productive enterprises, such as, building of forts, roads, plantations of colonies, of villages, asylums, orphanages and educational institutions.'⁴ Writing on the spheres of state activity, Altekar also finds that 'ancient Indians permitted the state a wide sphere of activity, not because they did not value individual liberty, but because they felt that the state could organize them best by reconciling conflicting interests, if its bureaucracy worked in closer co-operation with well-established popular bodies like the trade guilds and village councils.'⁵ The discussion on the functional aspects of the state in ancient India is also very interesting. Nigam finds that 'the state in ancient India was a welfare state; and the resources of the state, as well as the privy-purse of the king, were mobilized and directed towards the welfare of the people. Thus, the economic organization of ancient India had been a rational and a practical synthesis between the realist and idealist views of life and living pattern based on *Dharma*, *Artha*, *Kama* and *Moksha*.'⁶ It may sound a very strange argument, but there is a distinctly different view about state's enthusiasm of filled treasury held by the 'Indologist' Basham. He argues that 'according to accepted theory a well-stocked treasury was the king's chief source of strength, and no kingdom could function properly without it. The

effect of this doctrine was certainly bad. The great reserves of precious metals and jewels, never touched except in direct emergencies, were economically useless, and the treasury of a king was inevitably the target of the greed of his neighbors. The royal treasures, the existence of which was reported by early Muslim travelers, were important factors in encouraging the invasions which ultimately destroyed Hindu India.⁷ Although Basham agrees that 'the textbooks on statecraft invariably stress the danger of unduly heavy taxation',⁸ there are numerous theories present in ancient texts to give 'justification of the state as an economic, as well as political necessity, since it was required for the purpose of securing peace and order'. The continuance of the state in an efficient condition was therefore deemed to be the primary end of social and individual efforts. It was not merely the duty of the king to ensure this, but that of every member of society. On the part of the king, this took the form of an obligation to live up to the prescribed regal ideals, upholding the *Dharma* of the individual castes, corporations and peoples, properly discharging his own personal duties as protector, judge and sacrificer, and making himself personally responsible for all the sins and misfortunes of his subjects.⁹

Ownership of Land

The question of the ownership of the land has, since time began, been one of the most fundamental questions deserving human attention. In the ancient Indian context, this question has been an interesting and important one that has long been a major concern of the statesmen and politicians, alongwith thinkers. It has been argued that there were different theories of the king's right of ownership of land and man.

Sham Sastry discusses two major theories of ownership. According to him, the *Mimamsakas*, or the school of the *Vedic* exegetics headed by *Jaimini*, hold that neither an emperor (*Sarvabhauma*) nor a feudal chief (*Mandalika*) is justified in exercising any right of ownership over the state land or his servants. The king is only entitled to a fixed share of revenue in kind in virtue of his protective care and the land and other natural things of the state are common to all. The contrary view is held by *Kautilya*, who is understood to have a different view with regard to ownership of the land. For *Kautilya*, it has been argued, 'those who are well-versed in *Sastra* admit that the king is the owner of both-land and water and that the people can only exercise their right of ownership over all other things except these two.'¹⁰

Some of the scholars have argued that there are three theories of the ownership; while they differ in details, they are quite in agreement so far

as the cardinal points are concerned.¹¹ The three theories which have been considered by the Indologists are as follows:

- A. Theory of private ownership of land;
- B. Theory of royal ownership of land; and
- C. Theory of corporate ownership of land.

Theory of Private Ownership of Land

The *Vedic* literature does not regard the king as the sole owner of the land. Neither does the *Vedas* show any community ownership concept with regard to land. The king, according to *Rig Veda*, was only entitled to receive *Bali* from his subjects, which was due to him for the protection granted to his subjects.¹² For the maintenance of his dignity and authority, the king was granted some share of the land in the village by the people, as is evident from the *Atharva Veda*. Both *Brahmanical* and *Buddhist* works are indicative of private ownership of the land. Jayaswal has also refuted the advocacy of royal ownership of land in strong terms.¹³ PN Banerjee opines that the king was never regarded as the owner of the land and he never claimed a right to un-earned increments of the land.¹⁴ Kautilya also favors the protection of private property. Manu suggests that the field belonged to he who cleared the wood and the deer to he who first wounded them.¹⁵ According to Manu, there are various legal methods of acquiring wealth, such as inheritance, finding (friendly donations), purchase, conquest, lending at interest, performance of work and acceptance of gift from the virtuous.¹⁶ Thus, there are sufficient references and evidence, which prove the existence of the concepts of private ownership of land in ancient India.

Theory of the Royal Ownership of Land

The theory of the royal ownership of land would always believe, as the title suggests, that all the lands belong only to the king. The derivate of this theory essentially is that the king alone is the absolute and ultimate owner of the land of the state. This theory has been well substantiated by few mentions and references in *Upanishads* and *Pali* literature.¹⁷ The supremacy of the king in all the disputes and matters has also been put forward as a point in favor of the concept of royal ownership of land. The descriptions by foreign visitors and their travel accounts have also been placed as an alibi for this theory. Interestingly, most of the foreign commentators have concluded that the finality of the authority of the king

in all matters culminates in the acceptance of the concepts of royal ownership of land. Some of the references found that the right of the king to appropriate the wealth and property of an heirless person is also a testimony to the concepts of royal ownership.¹⁸ It has also been argued that the purchase, sale and donation could never be done without the permission of the king. The argument itself reveals that the king, on behalf of the state, through his appointed officials, was only duty bound to keep the proper records of any sale, purchase or transfer of land and to maintain proper adherence to state laws and regulations and remain a vigilant supervisor of all human activities because of the obligation of performing his own *Dharma*.

Theory of Corporate Ownership of Land

The theory of corporate or communal ownership of land means that the land was owned by the villagers commonly and they had equal rights of cultivation and other activities on the land. The pronouncers of this theory have generally claimed that the village corporations were practically the absolute proprietor of the village land, including the fresh clearing made, and were responsible for the total amount of the rent to the government. In case the owner of a plot of land failed to pay his share, it became the property of the corporation, which had a right to dispose of it to realize its dues.¹⁹ Mentions have also been made of the references available, which suggest that the pasture lands around the villages were held in common by the villagers, although these lands were under the direct ownership of the state, but the people were allowed to enjoy traditional rights of grazing the cattle. It has also been argued that Manu, *Yagnavalkya* and *Kautilya* had urged the king to make special provisions for common pasture.²⁰ However, the texts quoted in favor of the theory of communal ownership of land, only partially approve this concept. The actual situation, which seems to be prevalent in those days, was that the individual had equal and uninterrupted rights to own private property; some of the village group might have experimented with the idea of communal ownership of land, but not too successfully because in the events of any dispute the state had over-reaching authority in all cases of conflicts, legal suits and differences besides regulating the agricultural activities, deciding about the sale purchase, donation, or otherwise of the land and owning the land of common use of the people. The regulating authority of the state has generally been misunderstood as the presence of the concepts of its ultimate ownership. Nigam concludes that there may be found conflicting traces of private, or state, or individual, or communal or corporate

ownership.²¹ But the actual picture can only be visualized by a synthesis of the all three theories of ownership of land in ancient India.

Source of Public Finance

A: Booty in War

Gains of victory in the form of wealth of the losing nation comprised the prime source of public finance. Salletore claims that there are specific terms used and references made to the explanations provided by various scholars that the share of the body taken by the king after winning a war was one of the main sources of revenue.

B: Bali

This word has occurred very frequently in *Rig Veda*, which primarily means ‘an oblation, a gift or offering (usually religious)’ according to VS Apte.²² According to him, it is the offering of a portion of a daily meal (of rice, grain, ghee, etc.) to all creatures, one of the five daily *yajnas* to be performed by a householder; it is usually performed by throwing up into the air, near the house-door, a portion of a daily meal before partaking of it. Kalidasa uses it as a tribute to the king, which was procured by the king for the wellbeing, happiness and prosperity of the subjects.²³ UN Ghoshal interprets *Bali* “as the exclusive designation of the Indo-Aryan king’s receipts from his subjects, as well as from the conquered king. It is possible that *Bali* was the first type of customary contribution payable by the subjects that did not depend solely upon their free choice.”²⁴ But Salletore does not agree with this view. He cites various references from different texts and, quoting *Manusmriti*, concludes that *Bali* was first taken as religious offering, and then as a tax on religious performances, as proved by Manu, Panini and Kautilya. It was essential in the sense that it was not only an offering to the gods, but also a tax on some kind of religious sacrifices that Kautilya used the term *Bali*, when he mentions it as one of the sources of revenue from the Kingdom (*Rashtram*).²⁵

C: Bhaga

Bhaga was the next source of revenue in ancient Indian society. *Bhaga* has been interpreted as octroi duty or land tax by some of the scholars, and for some of them it meant the share or portion of the produce payable to the state. Shama Shastri has translated different terms as the following:-

produce payable to government lands is *Sita*, a portion of produce payable to government is *Bhaga*, religious taxes are *Bali*, and taxes paid in money are *Kara*.²⁶

D: Kara

The other important source of the state revenue in ancient India was called *Kara*. The term *Kara* does not figure in Vedic literature. *Kara* usually meant a general tax on land, as well as movables. Differentiating between the terms, Sharma surmises that *Bali* stands for voluntary offering, religious or otherwise; the term *Bhaga* shows that the king was entitled to his share and the term *Kara* shows that he collected taxes from the people.²⁷ 'At all times the basic tax was that on land, usually called *Bhaga* or share, which was a fixed proportion of the crop.'²⁸

E: Shulka

Shulka was also one of the main sources of revenue in ancient India. Apte defines it as a toll tax, a customs duty particularly levied at ferries, passes, roads, etc.²⁹

Objectives of the Study

The objectives of the present study are as follows:

1. To study the revenue collection system in ancient India;
2. To study the taxation system in ancient India;
3. To underline the dynamics of public finance in ancient India;
4. To document the methods of financial administration in ancient India;
5. To delineate the points of confluence and convergence in the writings of Vyasa, Manu, Kautilya and Shukra; and
6. To assess the significance, and gauge the contemporary relevance of ancient Indian administrative techniques for modern India.

Hypotheses

The following hypotheses were formulated for the purpose of the present study:

1. Taxation and revenue collection comprised one of the most significant and important aspects of administration and governance in ancient India.
2. The system of revenue in ancient India was methodical, organized systematic and proportionate.
3. Taxation in ancient India was humanitarian and considerate.
4. The hierarchical system in public finance in ancient India was well defined.
5. Financial administration in ancient India was strongly based on prevalent customs and conventions, and prescribed rules and regulations.
6. The systems, followed in respect of taxation and revenue collection in ancient India, are still relevant, and if adopted, may provide the contemporary fiscal system with a humanitarian face.

Methodology

The present research has attempted an intensive study of ancient Indian texts starting from the Vedic period in general and of the writings of Vyasa, Manu, Kautilya and Shukra in particular.

Research methods

- The research design adopted for the study is analytical and comparative.
- The method used for analyzing the data collected from secondary data sources is mostly qualitative content analysis. Interpretation and analyses of data has been done on a thematic basis.
- The method for analyzing the primary text sources can be said to be hermeneutic, as the investigator has tried to bring out the meaning of the text from the perspective of the authors.
- The comparative method has been used:
 - (a) to compare the content (chosen themes) amongst the four primary authors; and
 - (b) to compare the primary works with other works of the given historical period-e.g. the *Ramayana*.

Sources

Primary Sources: The study used the four mentioned texts, i.e. the *Mahabharata* (by Vyasa), the *Manusmriti* (by Manu), the *Arthashastra*

(by Kautilya) and the *Shukranitisar* (by Shukra) as primary sources of data. The investigator was also able to access several other Sanskrit texts (eg. *Ramayana of Valmiki*, *Yajñvalkyā Smṛiti*, *Abhijñānashakuntalam of Kalidasa*) in their original form because of his fluency in the Sanskrit language.

Secondary Sources: The study is mainly based on secondary data and involves the deep study of previous research work, i.e. books, research papers, unpublished theses and general articles. A comprehensive review of books and other research literature, written by commentators, scholars and analysts was carried out. (Note: a narrative review of the literature studied has been presented in Chapter 2.) For procuring rare books and inaccessible research literature travel to different libraries, universities, research institutes, and interactions with expert academicians, was also done. The study has necessarily involved extensive study of ancient, as well as modern, works on financial administration and public finance, and then culminated in the preparation of a comparative study of these three thinkers.

Relevance of Study

The significance of the study lies in the fact that it fills an important research gap that is found in the area of research on ancient Indian public administration. It documents, analyses and compares the findings on public finance (taxation and revenue collection) in the three major related works of the period. It also compares these findings with concepts in other works of the period. It highlights the contemporary relevance of the ancient Indian concepts and principles of public finance. The framework for the analysis is new and the sourcing of data from original texts makes the work significant.

The present study also finds its relevance in the light of the fact that the inherent idea of public good, the apparent contentment of the welfare state, the potential nature of strict state authority, the overwhelming presence of state sovereignty, the evident supremacy of the willing subordination of the people, the specified demarcation of fictional responsibilities of different personnel, the vigilant hierarchical supervision, the minute observation of various occupations, and the state in ancient India in general was more and more a well-organized welfare mechanism aiming to achieve overall happiness and wellbeing among the populace through properly carved-out structures of public administration. The whole trajectory of the taxation system and the modes, means and mechanism of revenue collection in *Mahabharata*, *Manusmṛiti*, Kautilya's *Arthashastra*

and *Shukranitisar* makes it evident that the taxation in that period of history was considerate, humanitarian, strong, strict, based on prescribed rules and regulations, and largely dependent upon the nature of the requirements of the state at a particular period of time for the purpose of creating large-scale facilities and opportunities for the people in general, besides providing for the upkeep of the government machinery. This is where the present study would hopefully create an academic platform for further serious and scientific studies of different treatises of ancient India, and paves the way for more rigorous research attempts in this largely neglected area.

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CHAPTER TWO

REVIEW OF LITERATURE: AN OVERVIEW

The past few decades have seen a revival in interest in and scholarship on ancient Indian concepts and theories of politics and governance. In this period there has been a paradigm shift in research in the field of ancient Indian studies. Increasing attention has come to be paid to the importance of exploring and analysing the precepts found in ancient Indian literature within the framework of modern contexts. Research during the past few decades indicates the strong relevance of our ancient political and public administration knowledge for modern governance.

India, perhaps more than any other region in the world, has an invaluable history of glorious ancient empires with efficient public administration amongst contradicting realities in a land of vast diversities. The extensive and rich literature of the ancient Indian period is a storehouse of knowledge of the ancient theories of politics and governance. Social scientists and analysts have extensively documented and researched the literature of ancient India, but often without linking it to modern contexts and relevance.

As elucidated in the introductory pages, for the purpose of this research project, four main ancient Indian texts, the *Mahabharata*, the *Manusmriti*, the *Arthashastra*, and the *Shukranitisar* have been chosen. An extensive review of the literature on the above area of study was done by the investigator. The results of the review of this literature, illustrating the current status of research on the topic, have been summarised below in the form of a narrative literature review.

The book by Monier Williams¹ covers extensive ground from expositions on the *Vedas*, the *Upanishads*, *Buddhism* and *Jainism*, to the other major systems. The *Smritis* and *Shruti Sutras*, The *Law Book* of Manu, the epic of *Ramayana* and *Mahabharata*, with a special focus on the *Gita*, the *Puranas*, *Tantras*, *NitiShastras*, the fables of *Panchatantra* and the *Hitopdesha*, which are all covered extensively and intensively.

The William book² is a text of great historical significance in that it not only describes the essential elements that are constitutive of Hinduism, but also points out the underlying spirit of unity, which in the midst of the diversity of races, languages and social usage, has enabled Hindus to survive all the external invasions and historical upheavals. The book discusses the Vedic hymns (mantras), the *Brahmanas* and the sacrificial system, the *Upanishads* and the *Brahmanical* philosophy and law, the *Buddhist* movement and the doctrine of incarnation, the doctrine of devotion (*bhakti*), etc.

The book by Sham Sastry³ contains the series of lectures delivered by the author on the evolution of Indian polity in Calcutta University in 1919. The topics covered are interesting in nature. They include the tribal state of society, elective monarchy, the origin of the Kshatriyas, the people's assembly, the duties and prerogatives of the kings and the priest, the effects of Jainism and Buddhism on the political condition of India, the empire-building policy of the politicians of the Kautilya's period, theocratic despotism, espionage, the intellectual, spiritual and economic condition of the people, the election of kings and delegation of sovereignty, sacrificial fasting as a form of a passive resistance, and state ownership of land.

The book by Law⁴ is one of the most celebrated earlier works on ancient Indian politics. The foreword written by AB Keith spells out that 'the clearness with which he has set out his views, the care with which he has collected the relevant evidence, and the moderation of his criticism render his work a contribution of substantial importance and lasting value' (p.vi). The work discusses the types and forms of the state, the state-council, the royal priest, regal succession, the education of the prince, the royal duties, the king's daily routine of work, the evolution of the principles of state-officials, and the theories of the evolution of kingship among the Indo-Aryans.

The work of Jayaswal⁵ is a monumental exercise in the direction of exploring the constitutional developments in ancient India in a systematic and exceedingly academic manner. Heavily dependent on original Sanskrit texts and excellent analytical presentations, the work puts forwards various dimensions of ancient Indian politics and pleads for more and more serious and scientific studies. The author has himself stated that 'this a brief survey, in fact too brief a survey, of a polity which had a free career of at least thirty centuries of history- a career longer than that of all the politics known to history.'

The book⁶, written by a well-known authority on ancient Indian history, Radhakumud Mookherjee, provides the life-sketches and