IJARSCT
International Journal of Advanced Research in Science, Communication and Technology
International Open-Access, Double-Blind, Peer-Reviewed, Refereed, Multidisciplinary Online Journal
ISSN: 2581-9429
Volume 6, Issue 8, March 2026
Impact Factor: 8.2

Indian Knowledge System A Brief Study with Reference to Principles of Economics

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Abstract: *This article represents the Economics system usually functioning in ancient period in India. The basics and fundamental principles of economics system were already made that works universally in present scenario of Economic world too. Article describes some of the economics thoughts which were drafted and effectively executed by the great Scholars of that time and India was knows as "Sone Ki Chirdiay" or "Golden Bird".*

Keywords: Brihaspati's, Shukra Niti Sara, Dharma, Artha, Kama, Moksha, Vedic Period, Mahaveer, Gopa, Gotra, Ghona

I. INTRODUCTION

Presented article analysis the Ancient Indian economic thoughts and principles that works not only particularly in India but also in the entire world. These ancient economics thoughts and ideology integrated with religious and ethical concepts, emphasizing the king's and State's duty to ensure public welfare and promote economic prosperity, rather than being a separate discipline. The economic aspects of the Vedic period, focusing on themes like the importance of wealth (Artha), the concept of sharing, the early pastoral economy, and the development of specialized crafts and trade in later Vedic times. The Rig Vedic Aryans were primarily pastoralists, with agriculture serving as a secondary activity. Cattle, especially cows, were the most significant source of wealth.

Brihaspati's economic views focused on the crucial role of Artha (material prosperity) for individual and state well-being, emphasizing a balanced approach to taxation and wealth accumulation to support the state's financial health and citizens' welfare. Shukracharya's economic thought, found in the **Shukra Niti Sara** emphasizes ethical conduct, public welfare, and a regulated but free economy. Key texts like **Chanakya known as Kautilya's** Artha shastra detail state intervention in managing resources, promoting agriculture and trade, implementing progressive taxation, and regulating financial transactions to ensure equitable distribution and societal well-being. The overall philosophy was to align economic activities Dharma, Artha (wealth), Kama (pleasure), and Moksha (salvation), recognizing wealth accumulation as a means to protect against hardship.

1- Brihaspati's Economic views

Brihaspati's economic views focused on the crucial role of Artha (material prosperity) for individual and state well-being, emphasizing a balanced approach to taxation and wealth accumulation to support the state's financial health and citizens' welfare. He advocated for a proactive state that encourages agriculture, trade, and commerce, supported by competent ministers, and stressed the importance of a strong treasury through justified tax collection to prevent the state from vulnerability. His philosophy underscored that material prosperity is essential to sustain other human goals (Purusharthas) Dharma, Artha, Kama and Moksha that a well-managed treasury is key to a state's strength and stability.

Key Principles of Brihaspati's Economic

Importance of Artha: - Brihaspati viewed Artha (material prosperity and success) as the most important Purushartha (aim of human life), believing it was crucial for sustaining individuals and achieving other life goals.

Balanced Taxation System: - He strongly advocated for a fair system of tax collection and wealth accumulation to bolster the state treasury, but he also emphasized that taxes should not be so burdensome as to discourage productivity or harm the citizens.

Role of the State and King: -A proactive ruler was encouraged to promote agriculture, trade, and commerce. The king's administration needed a comprehensive plan for budgeting and wealth accumulation to ensure public welfare and the kingdom's financial health.

Importance of Capable Ministers: -Brihaspati stressed the need for capable ministers selected through merit-based processes to play a pivotal role in governing the state and ensuring its proper functioning.

Fiscal Policy and Treasury: -A managed treasury was seen as essential for a kingdom's strength, as a weak treasury left it vulnerable. A well- planned budgetary strategy was necessary for the state's economic growth.

Varta (Science of Economics): -In the tradition of the Artha Shastra, the school of Brihaspati considered the science of economics (Varta, including agriculture, cattle, and trade) as one of the two essentials fields of knowledge, alongside the science of government.

2- Shukracharya's Economic thought

Shukracharya's economic thought, found in the Shukra Niti Sara (a political economy treatise), emphasizes ethical conduct, public welfare, and a regulated but free economy. He discussed Public Finance, including taxation and treasury management, advocated for the state's role in economic development, and analysed markets, prices, labour relations, and contracts with a focus on dharma or righteousness as the basis for economic decisions.

Key Economic Principles

Dharma as the Foundation: -Shukracharya believed ethical conduct (dharma) should guide all economic decisions, making it a precursor to wealth (Artha).

Welfare-Oriented State: -Like Kautilya, Shukracharya envisioned a state that promotes the economic welfare of its citizens, though with a greater emphasis on moral foundations**.**

Price Theory: -He understood market prices, noting that their upward movement could be due to a king's "wicked policies" and that production costs determined long-run prices**.**

Public Finance & Governance: -His work provides details on public finance, including treasury management, with a proposed structure for state revenue allocation, such as allocating specific portions for public goods like infrastructure, scholarships, and scientist recognition.

Labor Relations and Contracts: -The Shukranitisara addresses labor relations, employer-employee relationships, and the principles of contracts.

Regulation and Welfare: -Shukracharya advocated for state regulation to support economic development, including subsidies for trade, agriculture, mining, and cattle welfare.

Economic Development: -The text includes guidance on public finance and recommends spending on public goods, reflecting a commitment to overall societal progress and a functional economy.

Ethical Framework: -His economic framework is rooted in the moral science of Niti Shastra, where ethics and politics are intertwined, making economics a tool for achieving happiness and fulfilling desires.

The *Shukranīti* as a comprehensive codebook lays out guidelines in both political and non-political aspects required to maintain social order in the state. The political part of the book addresses guidelines for a king, the council of ministers, the justice system, and international laws. The non-political part addresses morality, economics, architecture, and other social and religious laws. Shukracharya's treatise on political economy has been referred to in many ancient Indian texts such as Arthashastra, Buddhacharitam and Mahabharata.

3- Economics in Vedic period: - In Vedic period the economic aspects significantly focusing on themes like the importance of wealth (Artha), the concept of sharing, the early pastoral economy, and the development of specialized crafts and trade in later Vedic times. Indian Tradition Culture and Economics. The Rig Vedic Aryans were primarily pastoralists, with agriculture serving as a secondary activity. Cattle, especially cows, were the most significant source of wealth, and war booty was another important economic factor.

Cattle as Wealth: -In the Vedas cows were considered sacred and referred to as "Aghanya," meaning they should not be killed. Only sterile cows were used in sacrifices, while fertile cows were protected. They were central to the economy and social structure, with several terms derived from the word "Gau" (cow): Cattle herding was primarily performed by the non-priestly and non-warrior classes, indicating a clear division of labour within the society.

Nomadic or wandering Lifestyle: The Aryans led a nomadic life, frequently moving in search of grazing lands for their cattle. As a result, there was little time for large-scale agriculture, and wars over cattle were common

Agriculture System

Basic Crops: Barley (Yava) and Wheat (Godhuma) were common, with barley being more prevalent. Rice (Vrihi) was cultivated in the northwest, but less widely. Other crops likely included pulses, legumes, and possibly melons.

Irrigation and Tools: Simple tools like wooden Plows and sickles. The plough (langala) was powered by oxen, with references to 24 oxen being used to plough a single field. Dependent on natural rainfall; no large-scale irrigation. In Vedic period there was no private ownership of land People used to cultivate land collectively. While homestead and farming lands were privately owned, reflecting a division between shared grazing areas and individually controlled cultivation lands.

Domestication of Animals

Cows and Bullocks: Revered for their milk, which was essential for food, and ghee, which was used in religious sacrifices**.**

Horses: Vital for transportation and warfare.

Goats and Sheep: Important for milk and wool production**.**

Elephants: Rarely domesticated, mentioned only in later hymns

Occupations

Weaving and Carpentry Weaving was a key occupation, with wool and cotton being the primary materials used. Carpenters made chariots, wagons, and household utensils.

Metalwork: The Rig Veda mentions Ayas for copper and bronze, indicating the use of metal for tools and weapons.

Iron: The use of iron was likely unknown in the early Vedic period, with iron smelting becoming widespread only in later periods.

Goldsmiths crafted ornaments such as earrings, necklaces, and bangles.

Bronze: The bronze smiths were skilled in creating tools and weapons.

Leatherwork: Leather workers produced bowstrings and casks for storing liquids, while physicians used herbal remedies to treat diseases.

Trade and Commerce

Barter System: - The primary means of trade was the barter system, with goods exchanged, primarily using cattle as currency. Over time, gold (in the form of Nishka pieces) emerged as a unit of exchange.

Trade Regulation: - Trade and commerce were managed by a group of individuals known as the Pani, who facilitated the exchange of goods.

Transportation and Communication

Land Transport: - The primary means of transport were chariots (rathas) and wagons, drawn by oxen and horses. Horseback riding was also common.

Water Transport: - Boats were used for river transport

4- Kautilya Economic Views

Acharya Chankya known as Kautilya wrote the book “Arthashashtra“in which he described the principles of Economic system. Still these principles are functioning in present world as well. Some of the basics principles are under as follows: -

Wealth: -The concept of wealth as held by Kautilya was very wide in its scope. To him, wealth included money, commodity, the acquired wealth, public or private property, precious metals, the accumulated wealth, negotiable and transferability and the power of appropriation. He also included labour and forest produce in wealth. To him, "wealth is to be acquired grain by grain, as learning is to be acquired every moment. Acquisition of wealth is always beneficial if it is acquired for the sake of a good wife, a son or a friend, or for giving away charity". Thus, Kautilya justified wealth which was earned through proper means, and also, he thought that accumulation of wealth was a safe method for protecting the people against famines.

Varta: - Ancient thinkers used the word Varta to mean the science of national economy. Kautilya included agriculture, animal husbandry and trade in Varta. According to Mahabharata, Varta was the roof of the world, a thing which was most essential for economic stability. It was necessary for the King to learn about the essentials of national economy from scholars and specialists in order to discharge his functions successfully as a ruler.

Agriculture and Animal Husbandry: -Agriculture and Animal Husbandry formed the important components of Varta. These were regarded as the basic sources of new wealth. Agriculture was given the pride of place among the occupations adopted by the people. Shukracharya was of the firm belief that by birth nobody was a Brahmin or Kshatriya or Shudra. It was on the basis of their occupation that they are distinguished from one another. Agriculture occupies a place of first stage importance in Kautilya's Artha Shastra. The art of agriculture reached a high degree of perfection and our ancient scholars well understood the minutest details of agricultural techniques. They have mentioned in their books, rotation of crops, intensive and extensive cultivation, large- and small-scale farming, use of fertilizers, crop diseases and their eradication, irrigation by rivers and tanks, cattle farming, seed selection, evils of the fragmentation of holdings etc. To them the largest source of State income was land revenue.

Labour: -The ancient sages appreciated the dignity of labour for 100 years. Manu and Kautilya have dealt with the methods for the regulation of wages and for the settlement of disputes between employers and workers. Kautilya did not recommend slave labour. But hired labour was there. Kautilya had laid down a code of labour discipline. For instance, he suggested that a wage worker who abandoned his work before the term had expired, was to pay the whole number of stipulated wages to his employer and a fine to the King.

Trade: -Gold and bullion were regarded as a means of producing wealth, and trade was the sum of industrialised capital. Kautilya devoted a good deal of attention to the problems of trade such as regulation and development of trade by the state and the different taxes to be levied on the commodities that entered into trade.

Value: -Regarding value, the ancient thinkers of India seemed to have some ideas on value which are relevant to modern times. We should take the value of each commodity according to time and place but there can be no value (price) of that which is incapable of being exchanged. Again, whatever one pays for obtaining a thing must be taken to be the cost. The value is determined by the easiness, or otherwise of obtaining, and also by the inherent utility of it (Shukracharya).

Population: - The ancient thinkers had no fear of growing population. The Vedas were for more married couple. Population could not grow beyond a reasonable limit owing to the high death rate due to constant wars between small states and loss of life due to the inadequate medical facilities. Kautilya recommended that the king should establish colonies for facilitating immigration.

Slavery: -In Ancient India, a slave was treated as a member of family, and was not asked to do a degrading work. A slave was a hereditary domestic servant who could not use his personal earnings and could not own property. But economically he was better than a hired labourer. Slaves could not be employed by Buddhist monks. In ancient India all slaves were as good as others and hence Megasthenes wrote that slavery was unknown in ancient India**.**

Welfare State: - The ancient Indian writers had a clear idea of the welfare state. According to Shukracharya, the state is a tree of which the king is the root and the counsellors are the main branches, the commanders are the lesser branches, the armies are blossoms and flowers, the people are the fruits and the land is the seed". The same idea has been echoed by Kautilya, "In the happiness of his (king's) subjects lies his happiness, in their welfare, his welfare". To

Kautilya, the state was to promote the economic welfare of the people and fully regulate its economic life. The state had to give subsidies for the development of trade; agriculture/ irrigation, mines, cattle welfare etc.

Public Finance: - Taxation was one of the most important sources of revenue of the state. It was known as 'rajkar'. The rate of tax was determined in accordance with the dictates of Hindu religion. Land Revenue was an important source of taxation in ancient India. The early writers have described the features of a good tax system. "The tax system should be such as not to prove a great burden to the public. The king should act like the bee which collects honey without inconveniencing the plant". Taxes were the remuneration for the services rendered by the king as a public functionary for providing internal security to his subjects. Kautilya suggested forced loans for meeting deficit budgets. He divided income from taxes into the following three kinds:

(a) Income from taxes on commodities produced in the country.
(b) Income from taxes on commodities produced in the capital and
(c) Income from taxes imposed on imports and exports.

The usual import tax was 20 per cent which varied from time to time in case of precious stones and rare commodities. Heavy taxes were imposed on the importation of luxury goods. The policy of the state was to discourage the import of luxury goods and those which were harmful for the welfare of the State. Kautilya suggested an-efficient machinery for audit.

Consumption and Production: -For consumption purposes, family was regarded as an economic unit. Consumption should have four ideas, namely, Dharma, Artha, Kama, and Moksha. The individual was subordinate to the family or the community. As far as production was concerned, the four agents of production namely, land, labour, capital and organisation were recognised. Land was considered as the main source of wealth. The importance of labour was also duly recognised. "An employer not-taking work from his labourer, or an employee not doing his employer's work, should be fined". The ancient writers believed that the accumulated wealth, earned through hard labour was sufficient for a man's life. The high rate of interest prevailed in the economy was due to shortage of private capital. So, the state was asked to provide cash and kind to the farmers and cash to the industrialist

5- Mahavira's economic thought

Mahavira's economic thought centered on Aparigraha (non-possessiveness) and Ahimsa (non-violence), advocating for wealth accumulation through ethical, truthful means and moderate consumption to prevent societal disharmony and suffering, with an emphasis on fair trade, social welfare, and balancing economic growth with human values and spiritual liberation. He promoted the satisfaction of basic needs, the responsible use of resources, and the avoidance of greed and unethical practices like theft, deception, and adulteration.

Key Principles

Aparigraha (non-possessiveness): -Mahavira stressed the importance of limiting desires for material possessions and wealth, recognizing that unchecked greed leads to economic disharmony and societal suffering.

Ahimsa (Non-Violence): -Ethical economic activity must be based on non-violence, ensuring that wealth is not gained through unethical means such as exploitation, violence, or deception**.**

Purity of Means: -Wealth must be acquired through honest and truthful methods, condemning practices like adulteration, forgery, and theft. Focus on Human Values.

Ethical Performance: -Mahavira differentiated between economic performance and ethical performance, prioritizing the latter to ensure long-term societal well-being, even if it meant lower economic gains in the short term.

Basic Needs Satisfaction: -The philosophy emphasizes that everyone's basic needs must be met, and economic prosperity should not come at the expense of the poor.

Moderation and Simplicity: -A lifestyle of moderation and simplicity was encouraged to foster inner peace and spiritual liberation, rather than excessive desire and attachment to possessions**.**

Economic Practices

Fair Trade: -The promotion of fair-trade practices and responsible consumerism was encouraged.

Social Responsibility: -Individuals and businesses were urged to use wealth for charitable purposes and to contribute to social justice and community welfare.

Resource Management: -sensible, non-wasteful use of available resources.

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