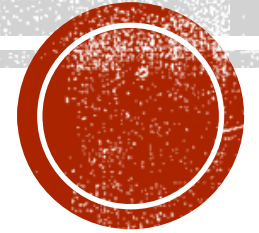


मास्टर्स इन कौटिल्य राज्यशास्त्र और अर्थशास्त्र  
पेपर 02 - भारतीय राजकीय, आर्थिक और  
सामाजिक विचार

व्याख्यान 13 – 12.12.23



- Harshada Sawarkar  
[sawarkar.harshada123@gmail.com](mailto:sawarkar.harshada123@gmail.com)

## CONCEPT OF INCOME AND EXPENDITURE IN ANCIENT INDIA

Sound finances are absolutely necessary for a stable and prosperous state. The importance of this proposition was well realised by ancient Indian political thinkers.

They have included prosperous treasury and ample reserve funds among the essential constituents of the state and have declared that any deterioration in this connection would be one of the most serious national calamity.

कोशमूला हि राजानः कोशो वृद्धिकरो भवेत्। (महाभारत)

कोशमूलाः कोशपूर्वाः सर्वारम्भाः तस्मात्पूर्वं कोशमवेक्षेत। (अर्थशास्त्र)

कोशमूलो हि राजेति प्रवादः सार्वलौकिकः। (कामन्दकीय नीतिसार)



Vedic literature, is predominantly of religious nature, hence supplies meagre information about the revenues of the state in the contemporary times.

In the earliest period, the king's power was not well established, so the taxation seems to have been occasional and voluntary.

The king probably supported himself, his attendants and inadequate administrative staff out of the profits of his own lands, pastures and herds.

The term बलि, originally used to denote voluntary offerings made to Gods for securing their favour.

Later it came to be applied to the presents and taxes offered to the king, more or less voluntarily.



Some references from Vedic literature suggest that people were not yet quite accustomed to pay regular taxes to the state as a matter of normal liability.

There was a change in the situation in the course of time.

In the coronation ritual of the later Vedic literature, the king is described as the 'eater of his subjects' – 'विशामत्ता'.

This metaphor was obviously suggestive of the regular payment of taxes.



In the Vedic period -

the Brahmanas were engaged in the unproductive profession of priesthood,  
the Kshatriyas were mostly occupied in conquering and annexing new territories;  
the Shudras held no property.

Hence, the incidence of taxation, naturally fell heavily on the Vaishyas who were engaged in the productive professions of agriculture, trade and cattle-rearing.

The Vaishya is, therefore, often described as the payer of tributes and taxes - अन्यस्य बलिकृत्

It is not, however, to be supposed that the other classes escaped altogether.

King is often described as taxing all his subjects - विशोऽद्धि सर्वाः



In early times the king was the president of a council of nobles. It may be the case that the latter also may have often imposed their own tributes. This conjecture derives some support from a statement in the Brahmana literature that the weak have to offer tributes to the strong.

*And a god-offerer, doubtless, is he who knows, 'I am now offering sacrifice to the gods, I am serving the gods,' - such a one is like an inferior who brings tribute to his superior, or like a man of the people who brings tribute to the king: verily, he does not win such a place (in heaven) as the other. (Shatapatha Brahmana, XI.2.6.14)*



Bhāgadhuk - 'the collector of the (royal) share, and Samāhartā - 'the bringer (of tributes), who figure as members of the king's council (ratnins) at this period were probably concerned with duties of the taxation department.

Probably the former collected the taxes and tributes which were mostly in kind and the latter stored them in the royal granary and treasury.

The state derived its revenues from the agriculturists and cattle-breeders. The farmers paid a certain portion of the produce of the crops, the amount of which is not disclosed by the Vedic literature.

The cattle-breeders formed a much more important class in the Vedic than in the succeeding ages, as the society was then just emerging from the pastoral stage.



They paid taxes in the form of cows, bulls and horses, (एमं भज ग्रामे अश्वेषु गोषु।) a certain percent of the herds being claimed by the state.

Apart from taxes from their subjects, Vedic kings often used to receive tributes from conquered rulers. (RV, VII.18.19)

आवदिन्द्रं यमुना तृत्सवश्च प्रात्र भेदं सर्वताता मुषायत् ।

अजासश्च शिग्रवो यक्षवश्च बलिं शीर्षाणि जभ्रुरश्व्यानि ॥ १९ ॥

आवत् । इन्द्रम् । यमुना । तृत्सवः । च । प्र । अत्र । भेदम् । सर्वताता । मुषायत् ।

अजासः । च । शिग्रवः । यक्षवः । च । बलिम् । शीर्षाणि । जभ्रुः । अश्व्यानि ॥ १९ ॥

१अत्र अस्मिन् १सर्वताता सर्वतातौ युद्धे य इन्द्रः १भेदं नास्तिकं भेदनामकं वा सुदासः शत्रुं १प्र १मुषायत् प्रामुष्णात् । अवधीदित्यर्थः । तम् १इन्द्रं १यमुना १आवत् अतोपयत् । तत्तीर-  
वासी जनः सर्वोऽप्यतोपयदित्यर्थः । १तृत्सवः तृत्सोः पुरुषाश्चावन् । आवत् इत्येकवचनं बहुवचनान्ततया  
विपरिणतं सदत्र संबध्यते । किंच १अजासः अजाः जनपदाः १शिग्रवः जनपदाः १यक्षवश्च जनपदाः  
१अश्व्यानि अश्वसंवन्धीनि १शीर्षाणि शिरांसि । युद्धे हतानामश्वानां शिरांसीत्यर्थः । १बलिम् उपहारं  
तस्मा इन्द्राय<sup>१</sup> उप १जभ्रुः उपजहुः । यद्वा । अश्व्यानि शीर्षाणि युद्धे गृहीतान् मुख्यानश्वानिन्द्राय  
उपहारं जहृदित्यर्थः ॥

Trade and commerce were not held in high esteem in the Vedic age and do not seem to have made any appreciable contribution to the royal treasury.





## View of E. W. Hopkins on विशामत्ता – The Eater of Subjects

The expression 'the eater of the subjects, is obviously used metaphorically in a coronation proclamation intended to describe the pomp and power of the king in the most grand-eloquent manner –

“Here comes into existence today the ruler of all people, the eater of the subjects, the breaker of forts, the destroyer of demons, the protector of Brahmanas and dharma”.

The king's position was far from secure in the Vedic period and the Assembly (samiti) exercised a fairly effective control over his actions. It is, therefore, unlikely that people would ever have suffered from grinding taxation in that age.



The Arthashastra, the Dharmasutras and the Smritis supply considerable data about taxation.

The taxation was to be reasonable and equitable; the king was never to forget that nothing exposed him to greater hatred than oppressive taxation.

प्रद्विषन्ति परिख्यातं राजानमतिखादिनम्। (महाभारत)

The gardener plucks fruits and flowers, but does not harm the trees; the bee sucks the honey but does not damage the flower; in the same way the king should collect his taxes, but should not cause any sufferings to his subjects.

फलार्थी नृपतिलोकान्पालयेद्यत्नमास्थितः। दानमानादितोयेन मालाकारोऽङ्कुरानिव॥ (पञ्चतन्त्र)



One who kills the goat can at best get one meal; one who feeds it well can get milk for several years.

अजामिव प्रजां हन्याद्यो मोहात्पृथिवीपतिः। तस्यैका जायते प्रीतिर्न द्वितीया कदाचन॥ (पञ्चतन्त्र)

The criterion of equitable taxation was that the state on the one side and the agriculturist or the trader on the other should both feel that they have got a fair and reasonable return for their labours.

विक्रयं क्रयमध्वानं भक्तं च सपरिव्ययम्। योगक्षेमं च सम्प्रेक्ष्य वणिजो दापयेत्करान्॥ (मनुस्मृति)

न हीनसममूल्याद्धि शुल्कं विक्रेतृतो हरेत्। लाभं दृष्ट्वा हरेच्छुल्कं क्रेतृतश्च सदा नृपः॥ (शुक्रनीति)

- A King should not levy taxes on seller when he makes no profit. But he can collect shulka / tax from the buyer having found that he has gained.



In the case of trade and industry, the taxation was to be on net profits and not on gross earnings.

An article was to be taxed only once and not twice.

वस्तुजातस्यैकवारं शुल्कं ग्राह्यं प्रयत्नतः। (शुक्रनीति)

If increase in taxation becomes inevitable, it should be gradual and not sudden and steep.

अल्पेनाल्पेन देयेन वर्धमानं प्रदापयेत्।

ततो भूयस्ततो भूयः क्रमवृद्धिं समाचरेत्।

दमयन्निव दम्यानि शश्वद्भारं विवर्धयेत्॥ (महाभारत)



Extra taxation was to be imposed only in times of national calamity after taking comprehensive steps to explain the situation to the people with a view to ensure a willing response.

The king was never to forget that it was only an exceptional remedy to be adopted only when there was no other alternative.

There can be no doubt that the above principles will be universally recognised as sound, applicable as much in modern as in ancient times.



Equally sound principles have been enunciated about partial or total remission in the normal taxation, when the situation justified such concession.

Both the Arthashastra and Shukraniti recommend that if enterprising persons bring fresh land under cultivation or seek to make it more fertile and productive by irrigating it with water from tanks built by themselves, the state should charge only a nominal tax in the beginning and gradually raise it to the normal rate during a period of four or five years.

Military villages were exempted from taxation in consideration of the regular supply of recruits which they ensured for the army.



Exemption from taxation has been recommended also on the ground of incapacity in the case of the dumb, deaf and blind persons, who are usually poor.

Students studying at gurukulas and hermits practising penance in forests were not earning members of society and were, therefore, not to be taxed. Women in early times could hold only a negligible amount of property and have, therefore, been also recommended for exemption from taxation.

अकरः श्रोत्रियः। सर्ववर्णानां स्त्रियः। कुमाराश्च प्राग्व्यञ्जनेभ्यः। ये च विद्यार्थिनो वसन्ति। तपस्विनश्च ये धर्मपराः। शूद्रश्च पादावनोक्ता। अन्धबधिरमूकरोगाविष्टाश्च।

When later on their right of inheritance was recognised, only poor widows and destitute women must have got the benefit of this concession.



Dumb, deaf and dilapidated persons required greater protection from the state. The ancient theory that taxation was a payment for protection would normally result in heavier taxes being imposed upon such persons.

But humanitarian considerations were given greater weight than the above theory and persons of the above category were universally exempted from taxation.

Smritis further recommend that learned Brahmanas (shrotriyas) should be also exempted from taxation.

प्रियमाणोऽप्याददीत न राजा श्रोत्रियात्करम्। (मनुस्मृति)

An ideal Shrotriya was vowed to poverty and was required to impart higher Vedic and Sanskrit education free to all students.





There is ample evidence to show that Brahmanas were discharging this duty in spirit as well as in letter, and it was sure that the state should have exempted them from taxation.

In many cases, however, revenues of whole villages (known as agrahara villages) were assigned to learned Brahmanas for their maintenance. When such was the case, they were usually required to pay a quit rent.

This was but fair, for they could no longer put forth the plea of poverty.

If however, the share, which Brahmana scholars obtained in the revenue, was very small, they were often granted full exemption from taxation. But such cases however were exceptional.



The whole of the Brahmana class, however, has been recommended for exemption from taxation by some Smritis.

ब्राह्मणेभ्यः करादानं न कुर्यात्। ते हि राज्ञो धर्मकराः। (विष्णुधर्मस्मृति)

Opinion seems to have been divided on this point, for the Mahabharata emphatically declares that those among the Brahmanas, who were holding lucrative appointments in the government service, or those who were following the money-making professions like trade, agriculture and cattle-rearing, were to be charged usual taxes at their full rates.

येऽजाविमहिषाणां च वडवानां च पोषकाः। वृत्त्यर्थं प्रतिपद्यन्ते तान् (विप्रान्) वैश्यान्सम्प्रचक्षते॥

ऐश्वर्यकामा ये चापि सामिषाश्चैव भारत। निग्रहानुग्रहरतांस्तान्द्विजान्क्षत्रियान् विदुः॥

अश्रोत्रिया सर्व एते सर्वे चानाहिताग्रयः। तान्सर्वान्धार्मिको राजा बलिं विष्टिं च कारयेत्॥ (महाभारत)



When Brahmana writers themselves differed on this point, it is but natural that all states should not have regarded the recommendation as binding. We do get occasional cases of the entire Brahmana class being exempted from certain taxes.

Temples, which owned extensive lands, were naturally not exempted from taxation. Sometimes, if their income was small, only a quit rent was charged; but usually the full rate was in operation.

There also were cases of temples selling part of their lands in order to pay the government revenues due from them; sometimes their lands were sold away by government for default in the payment of land tax.



## Land Tax -

Land tax was, as in later times, the main stay of the government revenue. It is referred to in inscriptions, sometimes as bhāgakara and sometimes as udraṅga.

Smritis lay down no uniform rate of taxation; the percentage they recommend varies from 8 to 33.

This variation must be due partly to the quality of land. It is clear, for instance, that Manu could not have the same types of land in his view when in the same breath he recommends that the land taxation should be either 8 or 12 or 16 percent.

धान्यानामष्टमो भागः षष्ठो द्वादश एव वा।

There are references (from some inscriptions from southern part of India) where the land was divided into 8 glasses for the purpose of taxation.



The non-agreement among the Smritis must be partly due also to the varying practices of the different states or to the different rates charged by one and the same government at different times to meet its varying needs.

षड्भागमुपलक्षणं यावता प्रजानां पीडा न स्यात् तावदेव प्रजापालनस्यावश्यकत्वात्।  
(स्मृतिरत्नाकर)

The normal procedure, however, was to charge one-sixth of the produce as the land tax; the tax collectors were often called shashthadhikritas.



Land tax at 16% was, however, found insufficient for their needs by states which had chalked out a policy of imperial expansion. The testimony of the Arthashastra shows that the Mauryan state charged 25% tax on agricultural incomes.

However, it is difficult to state whether the percentage of the land tax, mentioned above, refers to gross or net produce.

There is no definite evidence to show that the government did not make an allowance for the cost of agriculture, when it was charging a tax as high as 25 or 33%.



Shukraniti, which permits 33% taxation, definitely states that the cultivator should get as his net income twice the amount which he spends by way of the land-tax and the cost of production.

राजभागादिव्ययतो द्विगुणं लभ्यते यतः। कृषिकृत्यं तु तच्छ्रेष्ठं यन्नूनं दुःखदं नृणाम्॥ (शुक्रनीति)

When the cultivator suffered owing to an adverse change in the circumstances, e.g. the land becoming sandy due to the encroachment of the sea, the state used to remit or reduce the tax as demanded by the situation.

In all cases, however, an automatic relief was obtained to a certain extent, for the dues were usually collected in kind; if the yield was less, the state naturally got less.



There was no permanent settlement of the land tax.

The large variation in percentage permitted by the Smritis naturally rendered its enhancement possible, when required by the exigencies of the state finance.

On the other hand, when canals irrigating certain fields dried up, their taxes had to be reduced.





When the land-owner failed to pay the land-tax, his land was sold away after a certain period, which varied from place to place and time to time.

Interest was often charged on the amount in arrears.

This principle was allowed to operate even in the case of lands belonging to Brahmanas and temples.

It is, however, rather surprising to find that Smritis nowhere refer to the state's right to forfeit the lands of the defaulting owners.



Ownership of cultivable land –

If we regard the state as its owner, the amount which the cultivator paid would be land revenue and not land-tax;

if on the other hand, the ownership vested in private persons, the same amount would be a land-tax.

It is but natural that in ancient as well as in modern times opinion should have differed on this important point.



A verse in the Manusmriti states that the king is the owner of the treasures buried under ground, because he is the owner of the land.

निधीनां तु पुराणानां धातूनामेव च क्षितौ।

अर्धभागक्षणाद्राजा भूमेरधिपतिर्हि सः॥

This suggests state-ownership of all land, including the cultivable one. Bhattasvamin, the commentator on the Arthashastra, quotes a verse stating that private ownership can have no application in the case of land, tanks and water pools.

राजा भूमेः पतिर्दृष्टो शास्त्रज्ञैरुदकस्य तु।

ताभ्यामन्यत्तु यद्द्रव्यं तत्र स्वाम्यं कुटुम्बिनाम्॥



There are evidences stating that a king cannot dispose of the lands of private individuals, when he is called upon to gift away all his possessions in charity at the end of certain sacrifices.

Arthashastra also clearly differentiates between the crown lands and private lands.

Narada points out that it would be highly sinful if the king proceeded to interfere with the ownership and possession of houses and lands, for it would result in utter chaos.

Nilakantha definitely declares that although an emperor is the lord of the entire Earth, the ownership in different fields belongs to their several private owners, and not to the state.



In ancient times we also see that the ownership in land was regarded as vested in the whole community.

This is suggested by the view of some authorities, which hold that the transfer of land can become valid only if assented to by the entire body of villagers and caste-men.

स्वग्रामज्ञातिसामन्तदायादानुमतेन च।

हिरण्योदकदानेन षड्भिर्गच्छति मेदिनी॥ (मिताक्षरा - याज्ञवल्क्यस्मृति)



The communal ownership of land did not, however, permit the state to dispossess an individual of the land he owned.

It merely restricted his power of its disposal for avoiding an unwanted or undesirable person to get introduced in the village community to disturb its peace.

It is interesting to note that in the Vedic age even the king was permitted to gift a piece of land only when the adjacent residents agreed to the proposal.

