

# Relevance of Kautilya's Arthashastra to Modern Economy

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**Abstract – Kautilya's Arthashastra is a master piece of ancient Indian economy, a wide range of subject like economics, commerce, business, polity and administration. The author identified as Kautilya or Chanakya is a well-known historical figure who shaped the future of India during the Magadhan times.**

**Although much was heard about kautilya's Arthashastra, we had no proper text until 1905 when it was rediscovered in Mysore by R, Shamyashastri. The present research paper throws light on the covert relevance of the kautilya's arthashastra for modern economy.**

**Key Words – Arthashastra, Modern Economy, Kautilya, Dvaidhibhava, Dichotomy.**

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## INTRODUCTION

Kautilya's Arthashastra, particularly chapter seven discusses about the importance of peace, war and other forms of an economy although it literally refers to waging, physical war, alliance and other aspects. It should be viewed as related to economical competition, the imbalance of need and supply and a commerce policies.

According to kautilya, Sandi (peace) and war (vigraha) are the two faces of the same coin; in fact kautilya refers to an ancient economist Vatavyadhi who holds this twofold policy. We can understand this twofold policy symbolically for economic war fare as well.

In the current times the trade war between America and China is of great relevance. As resented as 6<sup>th</sup> July 2018 the United States and China have imposed mutual tariff and have reached a pinnacle of \$250 billion. China commerce industry has termed it as the great trade war ever. The impact of this trade was greatly on India as a cross fire.

Kautilya's Arthashastra can be applied and understood in this context. Kautilya remarks that there is a unique solution for this type of trade war. He calls the solution as 'Dvaidhibhava' it can also be termed as the policy of Dichotomy. According to this commerce strategy a country which is affected in this cross fire of two giants should adopt this policy.

Accordingly it should make an open conflict which are and overtly make forces within the other

antagonistic force. This will not only save the firing of both the sides but also empowers the affected country.

In the Indian context, India has suffered a kneejerk because of Indochina trade war. In the recent times the great vitality that is experienced in the Indian capital market is primarily because of the trade war. More than \$50n million is earned in the Indian market due to untold volatility.

The effect was primarily on the Indian investors and retail players, an impact on Foreign Institutional Investors (FII) who greatly control the market. At this time where kautilya's 'Dvaidhibhava' can be used. Although Indian foreign policy doesn't allow direct handling or importing restrictions on FII, the following strategy can be used. India can opt to take a proactive side of any one force.

Given that political scenario and the geographical stance of the Indian subcontinent, Indian can take the side of United States and there by stop the cross fire of the great power. At some times as kautilya's notes assana (neutrality) cannot be adopted when that 'Dvaidhibhava' is adopted. It is like the mixture of nectar and Poison. The truces made with the compelling force the United States in this case, backfires to India.

Hence vigraha (aggression) has to be adopted towards China. This will also help Indian economy in many ways. The unbranded and non bonafied products of china swept away from the Indian market, this will help GDP growth indirectly.

More over the china support to other neighboring countries of India would be avoided. The taking of one side particularly that of the United States brings economic stability. The political complications are also avoided.

## CONCLUSION

Kautilya's arthashastra has many interesting solutions to modern economic and commerce problems. The policy of Dichotomy ('Dvaidhibhava') is a classic example treated in this research paper suitably. The ancient technique of Kautilya is relevant to the modern times as well. It can be concluded that a deeper study of all aspects of Kautilya's Arthashastra shall go long way to strengthen the economic stability of modern India.

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