

Kautilya's Arthashastra: Learning Marketing Lessons from the Ancient Literature

Dr. Vinod Sharma^{1*} Chandan Maheshkar² Dr. Akhilesh Tiwari³

¹ Associate Professor, Christ Institute of Management, Delhi NCR

² PhD Scholar, DAVV, Indore

³ Associate Professor, Christ Institute of Management, Delhi NCR

Abstract – The Arthashastra has been found as a “Gold-Mine” by the scholars on the management. Still, there is hardly any literature available on Chanakya and its relevance to contemporary management practices. There is a great scope and potential for exploring the concepts of Arthashastra which are universal. This paper examines the Arthashastra in relation to its perspectives on marketing management in the present context. The qualitative research method has been applied to understand and interpret the ancient text. This method is also known as hermeneutics.

Keywords: Arthashastra, Kautilya, Chanakya, Ancient Management, and Marketing Lessons

----- X -----

The basic management principles of any organization have always had an influence on its origin culture. These management principles are multidisciplinary in nature which spread over from all the parenteral streams of management such as psychology, sociology, philosophy, political science, economics, and anthropology (Muniapan, 2005). The 'Arthashastra' authored by 'Chanakya', illustrates a socio-economic-politico structure of administration. The interest in religious, philosophical and historical studies in management is increasing (Kale & Shrivastava, 2003). Pandya (2016) asserted that ancient philosophies need intelligent re-interpretation to apply effectively in the context of modern times. Today is the era of market liberalization, privatization and globalization. Now markets and market competition has increased globally. Probable every corporate house is looking to capture new markets, strengthening the existing markets, making new alliances in the form of Joint Ventures, going for acquisitions and mergers of other companies all over the world. The area of concern and operation is now the prevailing world over. The policies of WTO as well as the government's liberal and business-friendly approach combined with the IT revolution and new gates of the world market has opened for today's business. Companies are competing with each other as if two enemies are fighting for winning the war. Here, we can use the common saying in the business world "Perform or Perish".

The competition is increasing day by day and marketing managers are looking towards strategies mentioned in history. Various books on strategies

and warfare are becoming popular for winning the war in the market. In the same way, Chanakya's Arthashastra presented a remarkable scholarly achievement (Shamasastri, 1929 & Tisdell, 2003). The marketing experts are adopting the marketing strategies as advocated by Chanakya in Arthashastra for meeting the marketing challenges, be it merger, acquisition or competition. Therefore, an in-depth study of the relevance of 'Chanakya' in contemporary management becomes imperative.

PURPOSE OF THE STUDY

1. To make clear to the contribution of Indian ancient scholars in the development of management concepts, policies and practices.
2. To study and analyze the concepts, policies and practices suggested by the Chanakya in Arthashastra to find the concepts which can be applied effectively in the context of modern management by transforming.
3. To compare the thoughts of Chanakya with modern management practices and establish the relevance of **ancient Indian literature** in contemporary management.

METHODOLOGY

This paper employed qualitative deductive design of research directed towards finding out management devices in the form of principles, policies or practices

and looking to the similarities with the modern management throughout the literature of Arthashastra where Chanakya gave concepts, practices and recommendations in the different verses; methodology used called Hermeneutics. Hermeneutics is a specific mechanism of interpretation. In the present context, hermeneutics has taken as the way to understand and interpret the ancient and religious scripts. It is also used in modern philosophy to designate the study of theories and methods of interpretation of all texts and systems of meaning.

Marketing Management against Arthashastra

The book-7 of Arthashastra contains the “**Six measures of foreign policy**”²⁴⁷ relating to the theory and practice of warfare and military strategies. These concepts are applicable in the field of marketing also as we see below:

1. Sandhi (peace-entering into a treaty)	(Arthashastra Book 7, 1.6)
2. Vigrah (war-doing injury)	(Arthashastra Book 7, 1.7)
3. Asan (staying quite-remaining indifferent)	(Arthashastra Book 7, 1.8)
4. Yan (marching-augmentation of power)	(Arthashastra Book 7, 1.9)
5. Sanshrya (seeking shelter-submitting to others)	(Arthashastra Book 7, 1.10)
6. Dwaidibhav (dual policy- resorting to peace with one and war with another)	(Arthashastra Book 7, 1.11)

These six strategies can be used by a business company for meeting various types of situations in the business scenario and success in the market.

Sandhi (peace-entering into a treaty)

Chanakya has mentioned various situations when it is advisable and wise for a King to make peace or *Sandhi* with the enemy. He says that in the following conditions one should make peace:

परस्माद् ह्ययमानः संदधीत ॥

Parasmādd hīyamānaḥ sandadhīta.

“When in decline as compared to the enemy, the king should make peace”.

(Arthashastra Book 7, 1.13)

तुल्य.काल.फल.उदयायां वा वृद्धौ संधिम् उपेयात् ॥

Tulya. Kāla.Phala. Udayāyāṁ vā vṛddhau sandhim upēyāt.

“In case the advancement takes the same time or bears an equal fruit for both, the king should make peace”.

(Arthashastra Book 7, 1.23)

तुल्य.काल.फल.उदये वा क्षये संधिम् उपेयात् ॥

Tulya. Kāla.Phala. Udayē vā kṣayē sandhim upēyāt.

“In case decline lasts for the same period or leads to equal results for both, the king should make peace”.

(Arthashastra Book 7, 1.27)

"तुल्य.काल.फल.उदये वा स्थाने संधिम् उपेयाद्" इत्य्
आचार्याः ॥

"Tulya. Kāla.Phala. Udayē vā sthānē sandhim upēyād" ity ācāryāḥ.

“In case the stable conditions last for the same period or leads to equal consequences for both, he should make peace”.

(Arthashastra Book 7, 1.30)

The guiding factors have also been mentioned by Chanakya as to when which policy should be adopted. **Chanakya** says that the king should follow that policy by resorting to which he may be able to see his win. By resorting to these, a wise administrator shall observe various policies which enable him to decide concerning building forts, development of trade-routes, new plantation, exploitation of mines and forests and to harm the similar undertakings of the enemy in the same time (**Arthashastra Book 7, 1.20**). He should not follow that form of policy which ruin his own undertakings, but which cause no such loss of enemy (competitor(s)).

(Arthashastra Book 7, 1.24).

In today's business context, when companies facing tough competition and get fewer or no opportunities to grow, companies should go for peace or an alliance with the competitors. Here Sandhi or entering into peace serves solution in the form of alliances, joint ventures, MOU, franchising, pooling resources together or working together for earning mutual benefits. These days in the business world, such kinds of alliances are very common as a weaker company entering into an alliance with the stronger companies avoiding all sorts of price and promotion wars. As per the Chanakya's strategies when both the companies are flourishing at the same speed, an understanding between both will be a better strategy than fighting with each other and wasting time, energy and resources. Numerous are the examples in the market where two such companies developed an understanding of avoiding all sorts of price and promotion war.

Even with this strategy of peace with the enemy, as per **Chanakya**, one can become the ultimate victorious by attracting the opponent's best-talented

persons to his side by paying those higher remunerations. Many companies' world over in various field are adopting this strategy. They are not at war with the other company or their competitors but attract their talent at a higher salary and make themselves stronger over a period of time. We have an example of HP and ORACLE, both entered into a strategic alliance. HP recommended ORACLE for its servers and ORACLE did the same for HP. It was for the mutual benefit and without war with each other through *sandhi* or peace.

Vigrah (war-doing injury)

It is an aggressive strategy which the business house can adopt when it is prospering and its position is very strong in the market. The business house can take the help of an ally also in fighting with the competitor. **Chanakya** has said

अभ्युच्चीयमानो विग्रहणीयात् ॥

Abhyuccīyamānō vigrhṇīyāt.

"The king should make war when he is prospering."

(Arthashastra Book 7, 1.14)

यदा वा पश्येत् "स्व.दण्डैर् मित्र.अटवी.दण्डैर् वा समं ज्यायांसं वा कर्षयितुम् उत्सहे" इति तदा कृत.बाह्य.अभ्यन्तर.कृत्यो विग्रह्य_आसीत् ॥

Yadā vā paśyēt "sva. Daṇḍair mitra. Aṭavī. Daṇḍair vā samam jyāyānsam vā karṣayitum utsahē" iti tadā kṛta. Bāhya. Abhyantara. Kṛtyō vigrhya _ āsīta.

"When a king is convinced that his own subjects are brave, united, prosperous, and able not only to carry on their own works without interference but also to harass his enemy's works, then he may keep quiet after proclaiming war."

(Arthashastra Book 7, 4.5)

Based on the above analogy of 'Chanakya', if a company is prospering and its profits are continuously in the rising trend, it is highly recommended that it should go for a war with the competing company by means of price and other avenues. Only in such a situation, the company can afford the price and promotional war with its competitor because it will have good profits, resources to do so.

A company can also destroy or weaken its competitors by joining hands with equal or a stronger company or a business partner and using his resources and strength. **Chanakya** has said in **Arthashastra** that the king can use his own troops or his ally's troops to weaken the equal or stronger king.

For doing so two companies can form an alliance and use their resources to fight or eliminate the competing company.

Asan (staying quiet-remaining indifferent)

This strategy of staying quiet or remaining indifferent in business is very beneficial when a company foresees that the competitor will not be going to harm it and hence it is better to concentrate on own business. **Chanakya** has said that

"न मां परो न_अहं परम् उपहन्तुं शक्तः" इत्य् आसीत् ॥

"Na mān parō na_aham param upahantum śaktaḥ" ity āsīta.

When the king thinks "his prosperity, in the long run, to be greater than his enemy and the enemy is unable to harm him", he should stay quiet.

(Arthashastra Book 7, 1.15)

He further says that "perceiving 'I shall decline after a long time or to a lesser extent or in such a way that I shall make greater advancement, the enemy (will decline) in a reverse manner', he should remain indifferent to his decline"

(Arthashastra Book 7, 1.26)

Based on the above analogy, a company can adopt a strategy of staying quiet or remaining indifferent against its competitor. This strategy is effective when a company's position is stronger than its competitor or when it sees no threat from the competitor. The company gets benefits by adopting this strategy as its resources are not been wasted. This strategy is very useful in certain industries such as an automobile, electronics, steel, cement as the companies remain indifferent to the moves of other companies and concentrate on their own.

Yan (marching-augmentation of power)

Chanakya advice in the **Arthashastra**, when the administrator is confident that he is in a position to demonstrate and get the benefit, he should express.

गुण.अतिशय.युक्तो यायात् ॥

"When possessed of a preponderance of excellent qualities, he should march."

(Arthashastra Book 7, 1.16)

यदि वा मन्येत "यान.साध्यः कर्म.उपघातः शत्रोः, प्रतिविहित.स्व.कर्म.आरक्षश् च_अस्मि" इति यानेन वृद्धिम् आतिष्ठेत् ॥

If the king is of the opinion that "That by marching my troops it is possible to destroy the works of my enemy; and as for myself, I have made proper arrangements to safeguard my own works," then he may increase his resources by marching.

(*Arthashastra Book 7, 1.35*)

In the context of marketing with a strong position, good profits, good human resource, a company can exhibit ahead for their further progress and be better than competitors. History is here to tell us that by adopting this strategy various countries ruined the economy of other countries. Big business houses and Multinational organizations progress very fast because of their superior position in comparison to other companies.

Sanshrya (seeking shelter-submitting to others)

Chanakya had suggested that when the king feels 'he is weak' or 'not in a position to fight/compete the stronger king', he should take shelter.

शक्ति.हीनः संश्रयेत् ॥

"Depleted in power, he should seek shelter"

(*Arthashastra Book 7, 1.17*)

If a king thinks "That I am strong enough neither to ruin my enemy's undertakings nor to avert my own undertakings against my enemy", he should seek protection from a strong king and endeavour to pass from the stage of weakening to that of stagnancy and from the latter to that of progress. (*Arthashastra Book 7, 1.35*)

In the field of business, if a company is weak and is not in a position to survive individually or compete with available competitor company(s), it may form an alliance with any of strong company or can get itself merged with a strong company. There have been so many such examples where weak companies have either formed an alliance or have merged with the stronger or competing companies. Acquisition of Daewoo Electronics Corporation with Videocon and acquisition of Hutchison by Vodafone in 2007 are the examples.

Dwaidibhav (dual policy- resorting to peace with one and war with another)

Chanakya has said "If king thinks that I shall promote my own undertakings by peace on one side and ruin the enemy's undertakings by the war on the other side, he should secure advancement through a

dual policy" (*Arthashastra Book 7, 1.37*). He further advised "Resorting to dual policy, the king should seek to obtain from one of the neighbouring king's troops in return for treasury or treasury in return for troops"

(*Arthashastra Book 7, 7.3*).

In the field of business management, it means that a company may enter into an alliance with one company on the one hand and may adopt the strategy of competing with another company in the same industry. By adopting this strategy, the company gains by being able to use the strengths and resources of other company to fight with the stronger company. A dual policy is a win-win policy for both the companies forming a pact. This policy has been adopted by many Indian companies successfully.

A Well Defined Marketing System

Chanakya's Arthashastra also presented a well-defined marketing system. There was a **Trade Control System**. Commodities and products of the countryside were not sold in the places of their production but were sold only at the designated markets or brought in to the city and sold after payment of duty

(*Arthashastra Book 2, 22.9*).

There were separate rules for the sale of imported goods and locally produced goods. There was an incentive for imported goods. The superintendent of commerce was fixed the profit margin of 5% for locally produced goods and 10% for the imported goods. The trade control system was maintaining this commercial pattern; merchants who raise or reduce their commodity price even to the amount of half Panas³ in the sale or purchase were punished with fine of from 5 Panas or more in case of realizing 100 Panas up to 200 Panas

(*Arthashastra Book 4, 2.28*).

There was a system of **Price Support**, when was an excess supply of a commodity, the **Chief Controller of State Trading** used to build up a buffer stock by paying a price higher than the market price. When the market price reaches the support level, he used to change the price according to the situation (*Arthashastra Book 2, 16.2-3*). Similarly, the Chief Controller of State Trading used to ascertain the profitability of a trading operation with a foreign country. He used to trade with such foreign countries as would generate profit, he avoided unprofitable areas.

Whole trade was well regulated and controlled. Goods for import and export were categorized and

³ Currency during Mauryan emperor in India

customs duties were imposed accordingly. Defaulters were punished with fines commensurate with the type of crime/offence.

Consumer Protection: We are surprised as we find that measures for consumer protection also employed during the time of the Mauryan King Chandragupta Maurya. There were various fine prescribed for non-fulfilment of commitments by the trades. These provisions are both for sale and purchase of articles, animals and humans. Different fines have also been prescribed for non-conveyance of gifts, sale without ownership and forcible seizure. The issues such as non-delivery of goods at an agreed date after its selling, goods being defective, a period of retraction for different items have been elaborated by **Chanakya** in chapter fifteen of **Book 3** of the **Arthashastra**.

In **Book 4**, chapter one of the **Arthashastra**, **Chanakya** has mentioned about the precautions/ measures to ensure that the common men are not exploited by the artisans, professionals and traders. Major professionals as mentioned in the **Arthashastra** are ordinary artisans, weavers, washermen, tailor, goldsmith, jeweller, doctors, actors, and dancer. It is mentioned that three magistrates of the rank of ministers shall carry out the suppression of the criminals. Various types of punishments and fines are mentioned for any violation of the laid down norms for each profession and the agreed quality of the work. Thus the king was to prevent thieves who are no known as thieves such as traders, artisans, actors, mendicants, jugglers, and others from oppressing the country.

In the same way, strict standards have been prescribed for traders against the exploitation and malpractices for the public. **The Superintendent of Markets** was to supervise the activities of traders. Norms and standards were set to ensure the quality and quantity of the product/item sold and purchased. He was to inspect the weights and measures to prevent any fraud in the standard of weights and measures. Prices and percentage of profits for various products were fixed. Fines were prescribed for differences in weight or measure or difference in price or quality, mixing things of a similar kind with objects such as grains, fats, sugars, salts, perfumes, and medicines. Provisions for taking adequate measures were there to be taken by the Superintendent of the Market. Director of Trade was also to take measure to avoid glut or scarcity of the commodities at one place. The profit, income and price policy was to be ensured after taking in to account the investment, the production of the goods, duty, interest, rent and other expenses.

The present marketing organisms and those of Chanakya have been presented in Arthashastra:

Modern Concepts of Marketing Management	Concepts of Marketing Management given by Chanakya in Arthashastra
Presence of a well-defined marketing system	Verse 9 of chapter 22 of book 2 of the Arthashastra confirms there was a well-defined Marketing System
The government has a "Price Support System" to balance the demand and supply and control the prices	4.2.2.16.2-3 says there was a "Price Support System"
Presently we have Consumer Protection Law	Book 3 and 4 speaks of the "Consumer Protection"
Sale of domestic products is protected to maintain the domestic Industries	4.2.28 speaks of the Protection of Domestic Products over Imported Products
We have the Ministry of Commerce and Industry to regulate and control the Business activities	Chapter 16, Book 2: Director Trade was to regulate and control the market
We have policies for Import/Export and Customs and excise duties	Chapter 16 and 21 of Book 2: Collector Customs & Tolls; Policies for Import/ Export, Excise and Customs duties were in vogue
Well defined system for Tariff and Tolls are existing	Chapter 22, Book 2: A system for Tariff and Tolls was existing
Various Marketing policies and strategies exist to meet different market situations	Book 7 prescribes six measures of foreign policy and these are applicable in marketing also. These are being applied by Business Houses successfully

ANALYSIS

On analyzing what has been discussed in the **Arthashastra** of **Chanakya** and as narrated above, it becomes crystal clear that whatever **Chanakya** has mentioned in his "six measures of foreign policy" in **Book 7** of the **Arthashastra** is applicable in the today's real-life marketing situations. Many businesses and companies are already practising successfully these measures in their marketing endeavours. In fact, the possible real-life situations in the marketing field such as the formation of joint-ventures between two companies and business houses, acquisition, merger, being aggressive and other situations can be handled and very well managed with these measures/strategies mentioned in the six measures of foreign policy by **Chanakya**.

CONCLUSION

We found that the measures of foreign policy propounded by **Chanakya** are very well applicable in marketing system of today's market which is very tough and volatile due to the open economy and liberalization policy of the government. The various probable situations as enumerated by **Chanakya** in his Book **Arthashastra** are very well defined and well laid down. The measures/strategies were result-oriented and situation based on ensuring sure success. During the time of **Chanakya** the Market was well regulated and the interest of the government, traders, as well as consumers, were well taken care of and protected. Import and Export of goods were also well planned, regulated and well organized. Traders and various professionals, including doctors, were subject to incentives as well as punishment as required.

REFERENCES

Kale, S. and Shrivastava, S. (2001). "Guidelines for introducing the enneagram in the workplace", in Proceedings of the 4th Annual Conference on Spirituality, Leadership, and Management, pp. 237-57.

- Muniapan, B. (2005). 'HRM education: the role of Malaysian universities and institution of higher learning', in K.B. Alex Yong (Ed.) *Strategic HR: Invent and Innovate*, Genuine Circuit, Kuala Lumpur, Malaysia, pp.344–346.
- Pandya, S. P. (2016). 'Guru' Culture in South Asia: The Case of Chinmaya Mission in India. *Society and Culture in South Asia*, 2(2), 204–232. <https://doi.org/10.1177/2393861716642388>
- Shamasastri, R. (1929). *Kautilya's Arthashastra (English Translation)*, Mysore: Wesleyan Mission Press
- Tisdell, C. (2003). A Western Perspective on Kautilya's 'Arthashastra': Does it Provide a Basis for Economic Science? Working Paper on Economic Theory, Applications and issues, The University of Queensland.

Corresponding Author

Dr. Vinod Sharma*

Associate Professor, Christ Institute of Management,
Delhi NCR