

Economic Thought in Kautilya's Arthashastra and Adam Smith's The Wealth of Nations: A Comparative Study

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Abstract—Economics has emerged from a variety of intellectual traditions; that is, the political, social and institutional context of various historical periods led to the emergence of diverse intellectual traditions. The Arthashastra of Kautilya and the An Inquiry into the Nature and Causes of the Wealth of Nations of Adam Smith are two important works that have contributed to the knowledge and understanding of economic activity, state administration, taxation, trade, production and national prosperity. This research paper juxtaposes the economic concepts contained in these works, emphasizing on the roles of state and economy, agriculture, taxes, markets, labour, trade, public expenditure, and social welfare. The analysis of the texts is based on qualitative, comparative, and historical-textual approaches. It explores the similarities and differences of Kautilya's stress on administrative supervision, fiscal stability, productive resources and political security as compared to Smith's exposition on the division of labour, commercial exchange, individual interest and economic growth. The study suggests that both thinkers valued productive economic activity, effective institutions and sound fiscal management as important, though both had very different theoretical frameworks and institutional priorities. It also confronts the notion that "systematic economic reflection" was seen only in later European thought. The paper shows how both works reflect their own contexts and why they remain relevant today to their respective fields of each other's works: ancient state-building in India and classical economic thought in the eighteenth century, while not identical, are not unrelated either.

Index Terms—Kautilya, Adam Smith, Arthashastra, Wealth of Nations, Political Economy, etc.

I. INTRODUCTION

Economic thought is the analysis of the history of the segments in economic analysis pertaining to understanding production, distribution, exchange, and management of wealth in societies. Economic theories are not set free of the time and historical

conditions in which they were formulated. They are products of specific configurations of power, social structure, technology, trade and institutions. Therefore, it is not possible to make only a single intellectual tradition or a few years, the history of economic thought. Differential contributions of civilisations need to be considered against the background of question, assumption and objective of the concerned civilisations. In this general historical context, the Arthashastra of Kautilya and The Inquiry into the Nature and Causes of the Wealth of Nations, by Adam Smith, are good texts to work with comparatively.

Arthashastra is a significant Sanskrit text on political administration, economic management and law, diplomacy, security and organisation of the state by Kautilya. It is traditionally said to have been written by Kautilya, commonly known as Chanakya or Vishnugupta, and is linked to the ancient Indian tradition and thought of the Mauryan Empire. Its exact historical composition is disputed and one must differentiate the traditional assignation to it from considerations of how the text that survives was assembled. The Arthashastra covers a systematic exposition of government functions and revenues, agriculture, trade, mines, crafts, public works, and central control. Economics primarily focuses on: The strength, stability and prosperity of the state; productive capacities of population

In 1776, Adam Smith's Wealth of Nations took a primitive place in the evolution of classical political economy. In his eighteenth-century Scottish works, Smith investigated taxation, public spending, economic effects of varying types of government regulation, the organisation of labour, the growth of markets, the accumulation of capital. He attempted to account for the growth of the riches of nations,

through the agency of product and the agency of human individuals in commercial society. He questioned many ideas that went with the mercantile system of economics, especially that a nation's wealth lay in its stock of precious metals and the need to limit international trade.

Though the two originated in vastly different historical settings, they both had a rather widely drawn problem focus on prerequisite conditions for economic success. They both know how vital agriculture, commerce, tax, infrastructure, administration and the political environment are. Both consider the connection between economic private interest and larger social purposes. But they do not agree on economic co-ordination, what they believe the state should or should not intervene in or even have a right to intervene in, and what their attitude should be towards individual enterprise and public power.

The economics thought of Kautilya is ideally woven in with the requirement of governance. Political power must have four bases: a productive population, secure territory, reliable revenues, effective administration. The state is not only reacting to economic activity but, quite deliberately organizing, supervising, protecting and, at times, taking action itself in productive activity. Smith, on the other hand, infects his analysis with a greater emphasis on the productivity results of division of labor, expanding markets, commercial exchange, and motives affecting the actions of individuals. That isn't, however, a full rejection of the government from the economic sphere, says Smith. The delegation of responsibility to the state is evident in his comments on defence, justice, public works, education and taxation.

A comparative analysis of these texts would therefore have significance in terms of the variety of thought, and the development of economic thought. It gives a chance to explore whether some economic issues are common to all the intellectual traditions, whether identical issues receive different responses within each intellectual tradition, and why the institutional frameworks of specific societies affect how people think about economics. This differs from the present study which does not attribute an direct influence of Kautilya on Smith nor vice versa. It does not suggest that the two authors thought of similar theories or that all the administrative findings in the Arthaśāstra can be translated into economic principles of today.

Rather it seeks out common themes and compares the explanation, the purpose and the policy recommendations in the different documents.

II. REVIEW OF LITERATURE

Previous literature on Kautilya's economic thoughts comprises historical accounts on the Arthaśāstra and attempts to consider the economic observations in the text in relation to subsequent evolution of political economy and economic theorizing, as well as investigations on the administrative institutions referred to in the Arthaśāstra. Theoretical studies on Adam Smith, on the other hand, have focussed on the division of labour, commercial society, theory of value, capital accumulation, taxation, and the institutional foundations of economic growth. These are scholarly traditions, and each brings its own methodological and historical concerns, that enhance the possibilities of a comparative investigation.

R. P. Kangle's critical study and Sanskrit translation of Kauṭīliya Arthaśāstra is an important reference to obtain the meaning of Sanskrit text. His account of the structure of the treatise and of the terminology is highly valuable; administrative aspects in particular. This can be utilized very much to the relevance of Arthaśāstra in its entirety being a systemic work and not just a series of political statements. Her ideas regarding revenues, agriculture, commerce, public administration and legislative topics serve as a basis for analysing Kautilya's ideas on economics.

The Arthaśāstra of Kauṭīliya has been retold with a scholarly translation and detailed notes in Patrick Olivelle's book *King, Governance, and Law in Ancient India: Kauṭīliya's Arthaśāstra*. Olivelle puts this in perspective in its intellectual and historical context; considers its problems of the organization of government, the extension of economic resources, taxation, law and political power. His work is particularly significant in that he does not look to the Arthaśāstra as a mere account of a single historical administration. What is more appropriate to consider it as a compendious document involving a conducive study of its composition as well as its originality in comparison with the previous traditions.

The economists Charles Waldauer, William J. Zahka and Surendra Pal in their essay *Kautilya's Arthashastra: A Neglected Precursor to Classical Economics*, highlight the economic aspects of

Kautilya's vision. They believe that there are substantial observations in the Arthaśāstra to be recognised in the history of economic thought, relating to taxation, international trade and economic value. Their study dispels the notion that the source of systematic economic reasoning could start with the European classical economists. However, even if some similarities are traced in the context of specific ideas, it isn't possible to interpret them as an indication of the presence of identical theoretical frameworks in both Kautilya and later European thinkers, nor as evidence of direct line of intellectual influence.

Clement A. Tisdell has in his 'A Western perspective on Kautilya's "Arthashastra" Does it provide a basis for economic science?', touched upon the relation between Kautilya's ideas and concepts associated with economic analysis. Tisdell emphasizes the significance of revenue, public administration, productive activity and welfare of subjects. His work justifies the idea of taking Arthaśāstra seriously in the context of the history of economic thought. However, whether or not it is regarded as a primitive form of economic science should be examined to some degree, due to the fact that economics as a science had gone through a developmental period with specific methods, institutions and analytical conventions.

Marinko Škare's "The Missing Link: From Kautilya's The Arthashastra to Modern Economics" also explores the linkages with Kautilya's ideas and contemporary economic thinking in the broader fields of economic analysis. Škare stresses the rational behavior, self-interest, markets, and systematic nature of the Arthaśāstra. This is conducive to comparative study through identifying analytical counterparts between the ancient practice of state in India and the one of the later centuries belonging to the political economy group. But when these are used with great care and analysis of the text, parallels are most convincing, but less so if they are forced by attributing modern technical selections to all ancient concepts of administration.

However, the studies of long-distance trade in ancient India conducted by Olivelle further show the usefulness of analysing the Arthaśāstra on particular economic issues. In his study, mentions of trade can be found in the collection of the words treasury, military resources, transport routes, shipping and

import duties. These pieces of evidence indicate that commercial activity cannot be viewed without the broader institutional and political organisation of the state.

Most of the primary literature that sheds light on Smith's economic framework is *The Wealth of Nations*. Smith's description of the division of labour, exchange, accumulation of capital, taxation, and public expenditure lay the foundations for the methodological comparisons of his theories with Kautilya's theories on production and administration. His writings also convincingly challenge the view that he held that the government should never intervene in the economic realm. We find a more sophisticated link between market action and governmental responsibility in his notions of public works, justice and education, and in taxation.

This paper's literature has confirmed the import of both works as well as a need to make careful comparisons. The similarities between Kautilya's observations and concepts and classical economics have been noted by existing works. As a general rule, however, such comparisons run the risk of being misleading if they fail to take into account the differences in historical background, language, structure and purpose of analysis for the two periods. This concern is of the present study and herein common economic themes are examined but dissimilarities between institutions are not necessarily equivalent to dissimilarity between theories.

III. RESEARCH PROBLEM, OBJECTIVES, AND HYPOTHESIS

The main research issue is what is the understanding of economic prosperity and the relation between productive activity and the authority of the state in Kautilya's Arthaśāstra and Adam Smith's *The Wealth of Nations*. Both books are on the subject of the administration of the material and monetary sources, and the exchange; but the difference between them is their theory of the economics of coordination and the role of the government. Such similarities are thus examined to try to find areas of shared interest in political economy, while their differences are interpreted to understand how they reflect the historical context and intellectual agenda behind their own use of the concepts.

The Research asks a number of related questions, what are the sources and conditions of wealth of a nation as explained by Kautilya and Adam Smith? What functions do state, markets and individual economic actors have in their respective roles? What are the attitude of both thinkers towards agriculture, labour, taxation, trade and public expenditure? How do their attitudes suggest or display some financial thought in spite of the major variations in historical background? Last but not least, what can be gained from a juxtaposition of these works towards a more inclusive history of economic thought?

The primary aim is to compare the economic ideas mentioned in Arthaśāstra, written by Kautilya, and Wealth of Nations, written by Adam Smith. More specifically, it examines their conceptions of wealth and of prosperity, analyses their conceptions of how taxes and fiscal administration ought to be done, how they talk about production and commercial exchange, compares their views on government intervention, and considers their respective social welfare and institutional stability concerns. It further sets out to identify what the strengths and weaknesses of each framework are, as well as the relevance of the comparison in the general history of political economy.

It aims to formulating a hypothesis that both Kautilya and Adam Smith have a fundamental interest on institutional and productive structure of a nation's prosperity but both give different explanation of how a nation's economic activity can be organized and governed. On the other hand, Kautilya's higher focus is on administrative coordination, direct monitoring by government, securing of revenue and political calm while Smith's higher analytical focus is on division of labour, market expansion, exchange and capital accumulation. How they are similar, showing that same essential economic questions come up in the different historical traditions, and how they are different, not giving them license to be understood as representatives of identical economic theory, are an interesting comparison.

IV. RESEARCH METHODOLOGY

The research method used uses the type of qualitative that is historical-textual and comparative interpretation. Research looks at two key primary sources, the Arthaśāstra of Kautilya and the The

Wealth of Nations by Adam Smith, in the context of their economic thoughts. Readings from the primary texts are done thematically and allow the identification of the points that discuss wealth and mechanisms of its production, agriculture, labour, trade and taxation, public administration, and welfare.

A comparative method and not a quantitative/econometric method is used. It does not aim to offer quantitative comparisons of the economic performance of ancient Indian or eighteenth-century Scottish institutions – nor, for that matter, to search for statistical links between the past and the present. Rather, the concepts, arguments and institutional assumptions of the two works by which they explain economic organisation.

Secondly, there is the historical contextualisation. Attention is paid to the placing of Kautilya's text in the context of ancient Indian statecraft and of Smith's work in that of the commercial society and the discussion of mercantilism in the eighteenth century. This way, one does not automatically translate into the historical narrative the "economy" as it is understood today, and one to some extent avoids the danger of conveying without qualification the vocabulary of modern economics.

The literature search was conducted relying on scholarly translations, academic books, peer reviewed articles and research about history of economic thoughts. The critical work of Kangle and its translation accomplished by Olivelle are very much underpinning to have a meaningful interpretation of the Arthaśāstra. In Smith's The Wealth of Nations, the key evidence of his economic writings is provided. Waldauer, Zahka, Pal, Tisdell, Škare and Olivelle conduct secondary studies that make a contribution to providing the current debate and what needs to be critically compared.

The analytical process involves the identification of key economic themes, an analysis of the arguments presented in the primary documents, a comparative analysis of these documents and, finally, an examination of the similarities and differences of the documents in terms of their historical context. There are no claims of direct intellectual influence made, but only conceptual and institutional relationships are being compared.

There are still some constraints in the research. First there is a debate over the nature of the historical

shaping of the Arthaśāstra and its dating, and, secondly, there is need to make the difference between the traditional belief in its Kautilyan authorship and issues about the composition of the extant text. Second, there are significant differences between the two works with regard to genres, historical setting, and ideas. Arthashastra is a text on statecraft incorporating many aspects of economic administration; The Wealth of Nations is "an inquiry into the nature and causes of the wealth of nations. Thirdly, there are differences in the interpretation of technical terms in translations. Last, economic positions are judged rather than trying to recreate all the aspects of the societies within which the works arose. Compromise for these limitations is done by cautious interpretation, engaging with scholarship and noting the difference of the time in explicit ways.

V. CONCEPTUALISING WEALTH AND NATIONAL PROSPERITY

It is with respect to the concept of wealth that the best starting point in picking a comparison between Kautilya and Smith is available. Both thinkers understand effective use of productive resources and their organisation is important to prosperity. However, the significance and intentions of property vary under the two contexts.

In Arthaśāstra material resources are intimately related with the capacities of the state to secure political control over the citizens, territorial security, income for administration and productive activity. The strength of the kingdom is provided by its revenue, agriculture, trade, natural resources, and public order. Wealth is hence neither exclusively private property nor an economic quantity. It is a critical element of good governance as well.

It is within this structure that the treasury plays a key central role since government needs reliable finance to fulfil its role. But revenue is not the only element of good economics, and extraction in itself is not. In the end, we are reliant on productive activities which need people, resources, security and administration. Policies which reduce the population or affect production can therefore do harm to the long-run interest of the state.

Hence, Kautilya's method is one that requires both an economy productive and a politics stable. A strong state should have a productive economy and a

productive economy has to be administered effectively. The relationship is one that is reinforcing, albeit with the state as the centre of economic organisation.

Smith's theory of national wealth is based on productive powers of society. The first book of The Wealth of Nations deals with how the division of labor enhances the productive powers of labor. Practical examples are specialisation, improved dexterity, time saving and machinery which can increase output and result in the availability of a larger quantity of goods to society.

Smith also investigates the relationship between the expansion of productivity and the scale of markets, the accumulation of capital and the organisation of commercial exchange. To understand the wealth, look at the quantity of precious metals owned by the country, but this will not explain well. It needs to be analyzed in the context of the goods and services that have been created by the activities of its population and the type of institutional frameworks that foster productive employment.

The difference is not then between the two thinkers, in that Kautilya has said value is wealth and Smith has said value is production. Both recognise the importance of productive economic activity. Their distinction lies in where they focus their analysis, namely the organization of the activity. Kautilya is more concerned about the administrative and political scenario in which resources are attained, safeguarded and handled. Smith elaborates on productivity and specialisation and how it promotes exchange and an increase of national wealth.

Yet another is the difference between wealth and power. Kautilya clearly established the economic and the statehood of the kingdom. But Smith also sees the place of government; his major account of economic growth is one of processes in the commercial society, especially the interaction of labour and capital and markets.

The comparison shows wealth isn't always the same over the course of history. It can be viewed as a means of political consolidation or as the outcome of organised economic production, or as a mixture of those aspects. Kautilya's work emphasizes the primacy of the former while Smith's work emphasizes the primacy of the latter, albeit in the context of productive activity and without pre-empting the importance of public institutions.

VI. THE ROLE OF THE STATE IN ECONOMIC DEVELOPMENT

One of the most important differences between Arthaśāstra and Wealth of Nations is the role of state. Both authors have an appreciation that political and institutional conditions are necessary for economic prosperity. Their various agreements and disagreements regard the size, role, and purpose of government involvement.

Kautilya portrays a state which plays a positive role in the management of economic life. The duties of the Government are: Protection of productive resources, Improvement of Agriculture, Market Surveillance, Revenue administration, Management of Natural Resources, Control of commerce. Public officials are given roles regarding specific industries and are tasked with keeping records, collecting revenues, enforcing regulations and preventing abuse. This administrative framework is an indication of the copiousness of the Arthaśāstra. Economics function doesn't follow politics but it's part of the broader responsibilities of government. The state can enact regulations, regulate transactions, facilitate productive activities and engage in activities relating to agriculture, mining and other resources.

Such arrangements can only be as effective as the administration itself. The mere appointment of officials does not necessarily lead to a good administration. Authorities can be abused, funds can be hidden or money can be used to benefit the official involved. So the Arthaśāstra devotes a good deal of attention to the matters of supervision, accountability, investigation and detection of administrative misdeeds. But to have economic governance you need not only a set of rules but institutions that can implement rules as well.

There are also important role assignments by the State as stipulated by Smith, but his analytical framework is different from that of Kautilya. Smith mentions in book V of The Wealth of Nations that the three major functions of the government are that of national defence, administration of justice and provision of public works and institutions. These functions facilitate the conditions in which people can be productive and exchange products.

Defence and justice are two systems that safeguard the society from external threats and provide a framework to make sure rights are being applied and

conflicts are settled. Economic interaction is enabled by public works like roads, bridges and other infrastructure. Some institutions, such as education, may also need public support if there are public benefits that are not adequately accounted for in private returns to individual institutions.

The role of the government thus cannot be boiled down to that of staying out the market altogether, which is Smith's claim. His criticism of policies not only focuses on those that limit economic activity unnecessarily, but also others that are favoring or awarding privileges to other groups or that are hindering productive economic exchange. Under that, he understands that markets and markets are dependent on markets and institutions and that there are public activities that cannot only be performed by the private sphere.

Both thinkers share the opinion that public power are necessary to attain economic order. Both agree that insecurity impact negatively on productive activity, and administrative failure and lack of effective institutions impact negatively on productive activity. But Kautilya's frame of reference indicates a more broad-based and active role for the state in the supervision of the economy, while Smith emphasises the productive coordination that can develop from commerce in an appropriate institutional environment.

It must not be seen as an opposition in terms of state control versus market freedom. Kautilya acknowledges private transactions and commercial incentives, and Smith acknowledges governmental responsibility in areas other than the protection of property. They are more accurately thought of as various arrangements of public power and economic organization.

VII. AGRICULTURE AND PRODUCTIVE RESOURCES

Another important basis for comparison of the economic thought of Kautilya and Smith is Agriculture. Both works agree in that productive activity is a necessary condition for prosperity, but with differing roles of agriculture in their more comprehensive statements of economic development. Agri-Production and Land Management are accorded significant consideration in Arthaśāstra. Agriculture provides a livelihood, inputs, jobs and earnings for

government. It requires cultivable land, irrigation, labour, security and administrative supervision. Therefore, the state needs to promote land use in a way productive and keep the situation conducive for agriculture.

In the context of an agricultural economy, water management is significant. Irrigation, and the maintenance of productive infrastructure, can improve the certainty of cultivation and minimise the risk from lack of rain. The Arthaśāstra considers the development and management of productive resources to be a concern of the government. Rather than simply a personal activity, agriculture is comprehended as a sector of political economy with ramifications for the operation of the political economy as a whole.

Concerns about natural resources are not limited to cultivation in Kautilya. The productive sector in the kingdom is another source of strength including mining, forests, livestock etc. The management of them requires special knowledge and an administrative organisation and the creation of the proper rules. Among the state's economic responsibilities is this, that productive resources are made available and their use helps to stabilize the larger picture.

Smith's analysis of agriculture is more linked with his overall studies of the productive structure of society. While much of his emphasis is on manufacturing, trade and division of labour, he also recognises institutional factors regarding the use of land and the need for agricultural improvement. Rent, wages, profit and the organisation of production form the economic aspects of his discussion, which serve as a way of understanding the relationships between the landowners, labourers and the capital holders.

Smith also opposes the idea that the prosperity of a nation primarily relies on how much gold or silver each nation would store or how much trade it would limit. Economic development is a process of productive employment and increasing real output of any economy. Its progress is acting upon by various factors related to agriculture, manufacturing, transportation and commerce respectively.

One major issue is the role agriculture plays in the economy. According to Kautilya agriculture is one of the key functions of the administration since it is linked to the population and treasury. Smith reads agriculture in the context of the broader processes of

production, distribution and capital accumulation. Productivity-enhancing effects of specialisation and the extension of markets are given special significance in his economic model.

However, both methods do have a practical recognition of dependence of economic progress on effective utilization of productive resources. Both fail to consider the wealth that comes out of the material ways that goods are produced. The policies indicate that the economic development needs addressing related to land, labour, infrastructure, institutional structure and the incentives shaping production.

VIII. LABOUR, SPECIALISATION, AND PRODUCTION

Labour is one of the focal issues in Smith's conception of economic growth and an integral factor in Kautilya's administration. In their attitude towards labour there is a similarity in the interest in productive activity and a notable difference in the emphasis on the analysis.

One of the most widely-discussed claims that Smith makes in *The Wealth of Nations* is his theory of the division of labour. He explains that by breaking up the complex task to specialised operations, production can be greatly increased. There is repetition of workers so they get better and better, no changing jobs so time is saved, the development of specialised machinery can increase output.

The pin factory example illustrates how the product of coordinated specialisation can turn out to be much more than the output of an uncoordinated process in which each worker does everything. With this example, Smith demonstrates the universal rule relating organisation of labour and its productivity.

The principle of division of labour, however, is not absolute: Smith says it's limited to the size of the market. Low concentration of specialisation may be not be commercially feasible if there is not much demand for the product or service. If the markets grow both producers and consumers, producers will be able to specialise in specific activities (product differentiation) and they will exchange their services for other commodities. There is thus a positive relationship between productivity and commercial expansion.

Smith does also take note of the social implications of the division of labor. With repetitive work,

workers' intellectual development may be hindered, for which suitable educational dispositions have to be made. His talk demonstrates that productivity cannot be assessed solely in terms of output, given that the organisation of work has an impact on human capacities and social conditions.

Kautilya has not put forth a similar general theory of the division of labour. His background with economic activity is much more related to administrative activities, occupational roles, production and labour relationship management. There are sections in the Arthaśāstra about employment, wages, contracts and commercial partnerships and about quarrels. Discussions of that sort express awareness of a necessity for organized relationships between individuals engaged in various activities to carry out production.

The differences can now be stated to be that between a systematic review of specialisation as an element of productivity and an administrative inspection of labour as an institution of the organisation of economic activity. Smith questions what happens to output when tasks are divided up and what the effect of the size of the market is on the level of specialisation. Kautilya has focused on the necessary conditions for the organisation, supervision and security of productive activities within the state.

A shared practical question needs to be pointed out behind these differences. Both thinkers are aware that economic activity is a process in which individuals need to coordinate and that it is the organization of work that has an impact on the productive result. However, the different levels of analysis are used in their approaches. Smith gives a general explanation about the productivity of specialised labour as Kautilya raises the issue of labour in a wider context of governance and economic administration.

The comparison also reveals a potential object in attempts at direct equivalence between the two works. The occupational vocations, officials and labours arrangements mentioned by Kautilya can not automatically be assumed to mean Smith's division of labour. The former is a demonstration of systematic administrative thought, the latter of a more explicit interpretation of the role of specialisation and extension of markets in economic development.

IX. TRADE, MARKETS, AND COMMERCIAL EXCHANGE

Both Kautilya and Smith emphasize the importance of trade and commercial exchange as it relates productive activity with acquiring and distributing goods. However, there are differences in how administrative regulation and/or the coordination of commercial interests are foregrounded.

In the Arthaśāstra we find bits and pieces of information on trade in different parts of state administration. Some of these involve the management of markets, commodities, audit of duties, security of trade routes and supervision of commercial operations. Trade helps with the manufacture of goods, the flow of resources, and brings revenue to the state.

Thorough research on long-distance trade by Olivelle shows that the relevant information is spread out in various parts of the Arthaśāstra. Luxury items, military needs, trade routes, shipping methods and import taxes demonstrate the vital role of commercial networks to the economic and political concerns of the state. As such, evidence of understanding of trade is found by going beyond just local market transactions in the text.

Kautilya's policies require that order be preserved, and that commercial activities hurting the public interest be eschewed. Issues of incorrect measurements, faulty transactions and commodity price manipulation can be tackled by market supervision. It might be considered as an expression of the concept that markets are not autonomous, but take place in a political and administrative environment.

Smith's analysis of trade is more general in nature: it is an attempt at a general theoretical explanation of exchange and economic coordination. The need for exchange is associated with a rise of specialisation-occasionally, people can specialise in some activities if they can exchange for other product, a happy exchange. With market expansion, specialisation applies and the productive cooperation allows more potential gains.

Smith denounces exclusive restrictions to business which hinder the use for public good. In this he engages in criticism of a variety of mercantilist activities and states that national prosperity must be achieved not only for the purpose of making

treasures, but also productive powers. International trade can be used by countries to exchange goods, widen markets and find access to products in a more effective way than through a restricting type of policy.

However, Smith is not naive enough to think that everything happening in the markets is good and that the players of the markets serve 'just' the interest of consumers just by virtue of engaging in commerce. But he does believe that collusion, monopolistic power and business interests participating in politics is present. His discussion of commercial society consequently involves a criticism of the behaviour of traders and producers and an description of the good actions of commerce.

The difference between the way these tasks are handled is the concern for regulation and coordination. Kautilya discusses trade as an economic activity which calls for administrative supervision to safeguard income, ensure peace and promote the interest of the country. Smith highlights the benefits of exchange and market extension, and denounces obstacles to competition or to protecting the interests of the privileged.

Both methods recognize that trade requires institutional circumstances. Routes play a crucial role to commercial activities as well as security and reliability and enforceable rules. There is a debate among them as to the extent of the role that government should play in guiding and/or controlling exchange, and as to what ways economic prosperity should be encouraged. The comparison consequently indicates varying preferences of how the effectiveness of public authority can be related to the scope of commercial freedom, and not an easy pull between regulation and markets.

X. TAXATION, REVENUE, AND FISCAL ADMINISTRATION

One of the most prominent fields of comparison is taxation, since both thinkers would agree that government cannot function without monetary support and both thinkers consider taxation a primary funding source of government. Both also recognize that there is a relationship between revenue collection and economic activity. However, their view of institutional objectives and theoretical foundations of taxation are different.

In the Arthaśāstra, collection of revenue is very important in the functioning of the state. The treasury funds the government's administrative, defence, public and other functions. Stable revenue system thus makes direct contribution to political security as well as administrative effectiveness.

Kautilya speaks of various sources of revenue and the officials to collect and manage it. Seed production, trade, natural resources and different economic activities enter the treasury. Effective fiscal administration means efficient record-keeping, fiscal supervision, accountability and systems to prevent corruption. The state has to be aware of the resources and have to adopt proper management of public revenues.

The Arthashastra also sees the importance of keeping the productivity of taxes. Revenue is dependent on economic activity and too much extraction may jeopardize the resources on which future revenue may be generated. Alternative interpretations of this relationship would imply that fiscal policy should be considered not only from the amount collected in a given period, but also from its impact on production and economic stability as well.

The fiscal framework of Kautilya is thus closely related with the practical need of a state. The rule for taxation is to do it in a way that yields adequate revenue for the government to operate, but does not slow or prevent the productive capacity required for future revenues. The running of it, as well as the skill for it, is an institutional matter: a question of good judgement as well as good technique.

Taxation is also, in Smith's opinion, essential for the funding of public obligations. In Book Five of The Wealth of Nations, he talks about principles that should be used when designing and administering taxes. His canons of taxation are the four of equality, certainty, convenience and economy in collection, which are well known. These principles are related to how the tax load is distributed, the certainty of tax liability, the time period when taxes are paid, how taxes are paid, and the cost of collecting revenues.

It is Smith's principle of equality; equality of contribution as it relates to the abilities and circumstances of those paying taxes is questionable. The required certainty is that taxes are not to be imposed on a whim on the part of tax officials. The word convenience is related to how taxes are being imposed. Economy – resources should not be

restricted unnecessarily because of costs of collection or drawbacks due to taxation.

What Smith focuses on is the linkage between a tax scheme and its economic effects. An ill-designed tax could disincentivize productive activity, impose needless administrative expenses, or provide a way for arbitrary behavior. The effectiveness of fiscal policy needs consequently to be judged against the revenue it raises, and the way it impacts society.

Both thinkers see that the tax must be applied efficiently and they recognize an intimate connection between state's financial needs and the productive capacity of the people. Both have a different way of emphasis on words. The stressed points of Kautilya are organization of revenue, which is the base for administration peace and political power, while the specific points of Smith are tax fairness, predictability, convenience and efficiency.

They have an additional crucial similarity in that they both target administrative misconduct. Kautilya gives a considerable amount of space in the supervision and prevention of corruption of officials related to revenue. Smith lambasts taxation levied outside of representative bodies and random taxation, and values the significance of transparent regulations. Both suggest the design of Fiscal institutions can be worked to minimise abuse and that the people can trust the administration.

They are relevant today to the history of public finance because they all discuss some of the common issues faced by governments: how to raise money, what effects taxation has on production, how to spend money and how to distribute the costs of government. However, their so-called plans have to be understood as distinct plans to address distinct historical situations and cannot be simply assumed to be equivalent modern fiscal theory.

XI. PUBLIC EXPENDITURE, INFRASTRUCTURE, AND SOCIAL WELFARE

A comparison on the level of public expenditure is another option for comparing the two works. Kautilya as well as Smith both imply that the public authority must have a set of responsibilities, which inevitably require collective resources. Their discussions differ in emphasis because The Wealth of Nations discusses public expenditure with respect to

the role and role-constraints of the government while Arthaśāstra involves the idea of expenditure in a general discussion of statecraft.

The economic aspect of Kautilya's system is linked with public resources, administration, security, infrastructure and the upkeep of productive activity. Economic stability can be obtained through irrigation, agricultural development and transport routes, and by managing natural resources. It is possible that these activities may require coordination which individual producers may not be capable of and can impact the productive potential of the whole region.

Collection of revenue is not the sole responsibility of the State. It also has to allocate resources and channel spending to things that enable the political and economic system to operate. The ratio of public revenue and public expenditure, thus, the administrative logic of Arthaśāstra hinges on it.

Public works and institutions are also recognized by Smith. However, roads, bridges, canals, and related infrastructure can enable trade and remove trade-impeding transportation frictions. Such schemes, where a significant amount of money would be invested in the beginning, people would greatly benefit from them and thus their provision cannot be always based on the play of free commercial forces.

Smith's comments on the subject of public education also bear addressing. He realises that the division of labour - although raising productivity - can also have negative consequences on the intellectual skill of workers if a job become very repetitive. Thus public backing for education can act as a remedy for a part of the dilemma which is linked to the organisation of commercial production.

This facet of Smith's work suggests that his notions of market efficiency went hand-in-hand with a concern for the moral character of the people who work within markets. His analysis is economic, yet he recognises that the benefits of commercial society need to be related to the institutional conditions and social consequences of economic development. Governments can spend public money to provide productivity, social order and needs, which the market does not sufficiently supply.

The two works make different assertions about welfare, however. The stress given by Kautilya on welfare and productive capacity of population has a close connection to the strength and stability of the

State. Smith's analysis has much more specifically to do with the generation and distribution of the commodities and factors which support society, and the public institutions for the development of commerce.

Therefore it would be wrong to state that Kautilya's approach is exactly akin to the contemporary welfare state or Smith's approach is exactly akin to the contemporary laissez-faire economics. Both raise the issue of public responsibilities but neither can be divorced from its historical context.

They have in common the sense that wealth is more about economic success than about building up wealth for oneself. Productive capacities of society can be affected by public infrastructure, security, institutional stability, and "how well collective resources are used. They help to highlight the diversity of institutional settings within which these goals have been accomplished.

XII. ECONOMIC INCENTIVES, INDIVIDUAL INTEREST, AND ADMINISTRATIVE CONTROL

Economical approach is worthwhile in understanding the assumption of Kautilya's administrative system and Smith's theory of commercial society. Both thinkers acknowledge that individuals have material interests, yet, use this knowledge about individuals differently in their theories of economic coordination. The different types of actions in the Arthaśāstra depend on the interests of the actors involved like officials, merchants, producer, etc., and such activities are limited by rules and institutions which exist to govern it. This acknowledges that there may be the potential for officials to be taking advantage of their office for personal gain, and traders acting in ways that have an adverse effect on consumers and revenue. Good governance consequently needs to consider incentives as well as the assumption that people would always act in line with their official duties.

His message of supervision, investigation and accountability reflects his pragmatism in the realm of private interests and public responsibilities. At least institutions need to be set up in a way that minimises opportunities for misconduct and makes people accountable for breaking the rules.

That Kautilya doesn't recognize individual initiative or commercial activity isn't that very Kautilya is not aware of their importance. Economic incentives really occur in a politically-centred system of authority and administration, however. The state wants to shape the measures of economic activity incentives in order to contribute to obtaining revenues, production and stability.

The concept of self-interest is part of an explanation of exchange and market coordination. They are acting out of their own best interest and the effects of what they do can satisfy purposes of more than what they would have originally intended. Producers respond to demand, to trade and seek improvements in their economic situation. Such can be businesses under appropriate institutional conditions which can involve in the production and distribution of products.

It is best put as the argument of the invisible-hand, but it needs to be interpreted not as Smith's proverbial magic bullet for the entire set of economic problems. Commercial actors are acknowledged to be able to secure privileges, limit competition, and shape public policy in their favour. Thus, Smith's analysis also demands a knowledge of the fact that private interest might clash with the interest of society.

The main differences lie in the fact that Kautilya mainly sees individual-incentives from a practical administration/control standpoint, whereas Smith sees them from the perspective of the interaction of individual economic decisions via exchange and markets. The first focuses on the institutional monitoring mechanisms; the second puts specific emphasis on the mechanisms by which decentralised decisions can synchronize productive activity.

Both theories have an end to an unrealistic conception of economic behaviour. Kautilya is aware of the potential of corruption and opportunism in administration. Smith acknowledges that there is not always a synergy between commercial and public interests. An important point of comparison relates to their common interest in institutional management of private interests.

XIII. COMPARATIVE ANALYSIS

From this discussion, it is evident that some of the typical economic problems that are addressed by Kautilya and Smith are common. They both understand the critical role of production, trade,

revenue, infrastructure, and institutional stability. Both also know this: economic prosperity requires not only the goods, but also an organisation of productive activity and regulations of economic relationships.

The starting big overlap is regarding the economic power/effective institutions link. In Kautilya's terminology, administrative ability is the foundation towards resources management and revenue generation. Smith recognises that defence, justice and public infrastructure have to offer the conditions that are required for commercial development. While they have institutional structures in varying states, both recognise that economic activity is dependent on an operating political and legal structure.

The other resemblance they have lies with respect to productive activity. Kautilya emphasizes on agriculture, natural resources, manufacturing and trade as the sources of State prosperity. Smith discusses increases in productive capacity which are brought about by the division of labor, the accumulation of capital, and the growth of markets. Both authors do not view a stock of precious metal as being a sufficient explanation of wealth.

The third similarity is with reference to the relationship between revenue and economic activity. Both thinkers acknowledge the need for capital inflows towards the government and the fact that such inflows stem from a productive economy. Kautilya is linked with the treasury and the stability of the state while Smith discusses the principles and implications of taxation. Both set the stage for comprehending fiscal administration as a significant element of economic governance.

The fourth parallel similarity is as regards infrastructure. The stress laid by Kautilya on agriculture, irrigation system and the security of routes, indicate the importance of public coordination to maintain productive resources. However, the commercial development also needs investment in roads, bridges, canals, and other public works, as Smith illustrates.

However, there are significant differences. The most significant issues has to do with State and economy. Kautilya's principles define a wide range of authority for the public administration in overseeing the economy, resource utilization and organising revenues. Smith emphasizes more the benefits of market exchange and specialisation for productivity,

without relinquishing the major roles of the government.

The second difference has to do with the explanation of productivity. Smith elaborates a general theory of division of labour to show how labour can be divided into various tasks, which in turn leads to specialisation, better dexterity, savings in time and use of machinery to lead to greater output. The text of Kautilya is also very rich in administrative remarks on productive activities but not with a corresponding overall theory. This separation is conceptually meaningful since it guards against the exaggerating of theoretical equivalence from a recognition of isolated similarities.

The third comparison regard to the organisation of trade. According to Kautilya, emphasis should be laid on supervision, income, security and monitoring of transactions. Smith investigates how these markets have grown, how exchange can be beneficial and how such restrictions that benefit specific interests have economic implications. All these are adaptations to the different institutional preferences and not an absolute distinction between regulated and unregulated economic systems.

The fourth difference relates to the use of economic analysis. Arthaśāstra combines both aspects of economy and statecraft. Smith's research is more specific and is working to the nature and causes of "national wealth". In both, public authority is very important, but their analytical questions and organising principles differ.

The comparison thus helps substantiate a qualified conclusion. Both Kautilya and Smith have some marked similarities as well as some differences in regard to bases for prosperity; but it is not the same theory of economic development. Their works are different models for the relation between productive activity, public authority and social welfare. A historically sensitive comparison must retain the underlying similarity of theme and concept that make each work important.

XIV. STRENGTHS AND LIMITATIONS OF THE TWO ECONOMIC FRAMEWORKS

It is a significant merit of Kautilya's thinking on economy that he has focused on the organizational aspects of economic stability. The Arthaśāstra pulls our attention to the fact that productive resources

need to be identified, protected, managed and monitored. It also touches on subjects related to the collection of revenues, supervision of the market, agriculture, natural resources, and official accountability, demonstrating that economic governance needs detail institutional designs.

Another asset is its understanding of the tax and productive ability nexus. The treasury is critical to the state, yet revenues rely of the economy. Therefore, issues related to conditions of production and exchange needs to be considered in the long-term concerns of government. Another is the incorporation of economic issues in conjunction with infrastructure and security. Production requires resources along with regular transportation and security from disturbances. All these are not only policy problems, but administrative problems as well – these all interrelate as per Arthaśāstra.

The focus on administrative fault in the works of Kautilya is also noteworthy. It acknowledges that senior officials can be or may be representatives of private interests for the benefit of which they neglect the public obligations. The focus on supervision, accountability makes for an important historical precedent for the recognition that institutions need to be designed for actual human behaviour.

But when judged as an economic theory, however, Kautilya's framework has its drawbacks. It does not necessarily aim at elaborating a general theory of the market or to explain economic growth by a single analytical model. It is a mixture of practical directions, political arguments, legal admeasurements and administrative prescriptions. Therefore it should not be regarded as an equal in terms of a textbook of Economics today. The close linkage of economic management to state power also restricts the degree to which the principle of individual economic freedom is realised as an autonomous organising principle. Commercial activity is significant, but it's frequently mentioned in terms of revenue, power and the interests of the kingdom.

Moreover, the social presumptions in this particular text is limited to its historical context. Not its institutional pack of prescriptions can be uncritically seen as universally applicable policies. Their importance is not so much due to the fact that each provision is a proper solution for current-day societies but because of their role in giving back to the history of economic and administrative thought.

Lastly there is caution towards the historical composition of the Arthaśāstra. Although this is the traditional view of Kautilya it is still debatable when and how the surviving text developed. Therefore, statements concerning its chronological relations with later economic thinkers should be differentiated from the interpretation of the historian.

What Smith is good at is the orderly exposition of how division of labour is related to increase of the size and extent of the market and to increase in productivity. He shows how the organization of production can make production greater; he gives a skeletal form of understanding important mechanisms of economic growth. His study relates individual productive activity to broader patterns of exchange and the growth of commerce.

Another advantage is that he considers the institutional conditions necessary to economic activity. For Smith, defence, justice and public works are all crucial. His talk clearly illustrates that markets exist in the context of political and legal institutions. His emphasis on taxation and issues related to public finance are also important. His principles of taxation form a matrix in assessing the clarity, fairness, convenience and the cost of revenue collection. All of these are factors to be considered in the history of fiscal thought.

Another important contribution by Smith is his critical analysis of policies that limit competition or favor certain business interests. His attacks against the mercantilist restrictions exemplify his wish that policies designed to benefit certain individuals may not be able to boost society as a whole.

But there are other downsides to Smith's idea. The problem with a narrative account of commercial development is that it offers a possibility for misunderstanding that can be avoided provided they have an understanding of the social and institutional context on which markets rely. In no way the development of exchange means the elimination of poverty and inequalities, of exploitation and concentration of economic powers. Smith himself is aware of some of these issues. His concerns with the intellectual impact of repetitive work, the possible activity of commercial groups, the role of public institutions shows sensitivity to the social constraints on commercial society. But the observations do not constitute a full fledged modern theory of inequality or social welfare.

The other constraint is his historical interpretation of his analysis. His explanations were rooted in the eighteenth-century commercial world, and are not readily exportable to an economy with the technology and/or the financial and corporate organisation typical today, and the contemporary welfare institutions that are also seldom found in the eighteenth century. We must therefore understand Smith's economic thinking in light of his central contribution to classical political economics and not as a thoroughgoing explanation of all economic issues. They still have some relevance, particularly when it comes to the analytical questions they ask about productivity, exchange, public institutions, taxation and economic freedom.

XV. CONTEMPORARY RELEVANCE

Kautilya and Smith comparison is still topical when it comes to discussion of economic governance today, because it shows that the linkage of productive activity and institutional arrangements remains. While the modern economies of today's world differ greatly from those of the two thinkers' societies, there are a couple of questions that are relevant to both.

The first is about fiscal sustainability. Governments need funds to pay for public services, infrastructure, administration and security. Meanwhile, taxes have an impact on incentives and the resources which can be made available to both businesses and households. However, in the perspective of public revenues and the economy, a historical approach would be possible both from the perspective of Kautilya and that of Smith.

The second is about the relationship of regulation and markets. In those economies free enterprise and free trade reign, and rely on the legal institutions, public utilities, competition disciplines and course corrective mechanisms to deal with both internal markets failures and externalities. The issue is multifaceted as seen in the attentions of Kautilya on supervision and the description of exchange and institutional agents' responsibilities by Smith. These should not mechanically be followed but a step towards understanding that economic governance is by no means dichotomous between markets and comprehensive state intervention.

The third being infrastructure and productive development. The transportation system, irrigation,

energy, communication and other public systems all impact the productivity of individual and enterprise. The significance of public funding has long been recognised as is evident from the views of Kautilya emphasising the importance of agricultural resources and infrastructure and by Smith with regards to public works.

The fourth has to do with administrative responsibility. Public officials allocate resources and they raise revenue and they enforce a policy. If there is no accountability within institutions, it will be easier to corrupt and less effective to use public money. The recognition of administrative shortcomings as expressed by Kautilya and the criticism of the arbitrary nature and self-serving Ness of the economic structure as expressed by Smith also represent two different conceptions of the historical experience of this on-going challenge.

The fifth is concerning what is the relationship between economic prosperity and social welfare. The focus on economic growth is fundamental, but wealth creation and distribution also needs to happen in a certain way. Kautilya correlates productive capacity with the stability of the state and Smith explores the production of goods, the division of labour and the public duties of the commercial society. Their works support inclusiveness in regards to thinking about prosperity not only in the terms of productive activity, but also the institutions which are able to enable productive activity.

However, do not ignore relevance for the present in favour of policy applicability. Ancient Indian recipes of administration and eighteenth-century European concepts of economy have emerged from different social organisations and different technological contexts. But today they're not so much to be reproduced in their current form, but for the questions made by them, and for the historical perspective that they provide.

XVI. FINDINGS AND DISCUSSION

Considering the findings of the two sets of findings, it can be noted that a couple of significant results come into the picture. To begin with, both Kautilya and Adam Smith agree that it is productive economic activity which is the basis for national prosperity. While explanations vary, both have a link to the wealth of the organization and the arrangement of the

resources used and not solely with the money or precious metals.

In fact the study suggests that there is a role of institutional arrangements for both thinkers. The administration, public domination, administration of resources is the area of concern for Kautilya. It is a need of Smith leaders for defense, justice, infrastructure and other public obligations. The arguments about their differences are about the role of government—how much and how—instead of whether there is a role for government.

Third, taxation is attributed to one of the common aspects involved in the analysis. Both the thinkers have had to accept the need of any government for incomes, and also that the treatment of fiscal management of any government has an effect upon the way in which the economy works. Whereas Kautilya is keen in collecting and organizing the resources of a state, Smith lays clear-cut rules to appraise tax systems. The essence of their arguments is symptomatic of the effectiveness over the years of balancing financial requirements with productive capacity and administration.

Fourthly, the comparison shows that both works have agriculture and infrastructure as integral parts of economic development. Cultivation, irrigation and resource management are given some special attention by Kautilya. Agricultural improvement is treated in the context of the production and distribution of wealth. Both recognise the importance of material conditions, which cannot be divorced from institutional organisations for productive activity.

Fifth, the study distinguishes a basic difference in their account of the coordination of the economy. Smith's theory of division of labour provides a scientific explanation on the question how specialism and increase of market brings about increase in productivity. Although administration was treated in Kautilya's text very elaborately, it does not have a parallel General Administration theory. That's important as otherwise an apparent sameness at one level can be interpreted as a sameness at a theoretical level.

Sixth, comparison suggests that, in addition to public institutions, individual interests should be taken into account. St. Kautilya has been aware of the dangers of corruption and the maladministration. Smith explores the potential of the individual's interest,

while alerting the reader to commercial practices that favor specific interests. Both demonstrate that economic behaviour is influenced by incentives and institutional arrangements.

The studies question narrowly chronological views of economic thought. The studies challenge narrowly chronological views of economic thought. Very before the Word of Nations, in the Arthaśāstra we're witnessing a continuous process of thinking on the economic administration, revenue, production and trade. This does not imply that Kautilya evolved the theories of Smith earlier or the theories of Smith could be substituted for the theories of Kautilya. It implies that the history of economic reasoning is able to accommodate different intellectual traditions and separate them out.

Lastly, the study provides validation of the importance of the historical context. Kautilya's writing should be read as a book on statecraft that covers a considerable amount of economics, while the relationship between Smith and Kautilya would indicate that Smith's writing carried out a systematic study of the causes of national wealth. Many of the differences were traced to the different purposes of which they are used.

All this suggests the hypothesis that Kautilya and Smith are concerned with the productive and institutional basis of prosperity but disagree in respect of the explanation of economic organisation. Their comparison is extending political economy history without doing away with historical differences which make each work its own special contribution.

XVII. CONCLUSION

A comparative study of Kautilya's Arthaśāstra (Kdn) and Adam Smith's The Wealth of Nations (Wn) reveals that economic thinking and thought can be traced in different intellectual traditions and was always influenced by the political systems, social context, and pragmatic issues of the respective ages. In spite of their significant differences in terms of context, both works explore what is needed for economic well-being, and highlight the value of productive activity, income, trade, infrastructure and good governance.

The economic theory of Kautilya is directly connected with the functions of the State. The proper

conduct of the affairs of agriculture and natural resources, trade and commerce, taxation and administration of public affairs adds to the stability and strength of the kingdom. His emphasis is on the need for administrative coordination, financial management, supervision and protection of productive resources. It is evident from the Arthashastra, then, that there was considerable economic thinking important in the general context of ancient Indian statecraft.

The economic approach of Smith is more specific towards the national wealth in terms of its nature and causes. The division of labour, market expansion, exchange and capital accumulation explained by him are the ways by which productive capacities can be increased through specialisation and commercial development. While his own comments on defence, his department of justice, public works, education and taxation indicate that he also understood important roles for government. He has not been a denial of the state or a belief that all market results necessarily do not lead to society's benefit.

There are significant commonalities between the two, highlighted when brought into comparison. Both thinkers fully appreciate the need for productive resources, reliable institutions, effective fiscal mechanisms and conditions conducive for economic activity to continue in order for economic prosperity to be achieved. Both also realize that public resources management has an impact on overall economy stability and growth. All of them stress the connection with the inflow of money – the revenue, oh productive capacity, and the history of political economy shows the significance of fiscal administration for the country according to economic requirements.

However, their differences are pivotal as well. The focal point of Kautilya is the efficient organisation of the state and its resources, whereas Smith wants to describe the way the wealth of the nation is generated in commercial society by the various processes. Smith has a more explicit theory of specialisation and market coordination, while Kautilya stresses on direct administrative supervision. These differences represent varying types of intellectual targets and institutional surroundings, and do not necessarily be interpreted as a stark dichotomy between full state control and total economic freedom.

Thus, the study proves that the Arthasāstra is not an equivalent to the modern economic theory. It is important in that it deals systematically with production, revenue, trade and administration in the context of statecraft. Likewise, one should not be reading Smith's work as it were meant to be read today; in the same way, one should not be reading the Church of England Papers. These should be critically analysed, and their ideas interpreted in the contexts in which they were created.

There is another conclusion that deals with the history of economic thinking. Although the development of classical political economy within eighteenth-century Europe is an important advancement, it is not a reason to dismiss prior forms of reflections on economic matters. As is evident in Kautilya's work, issues around taxation, productive resources, commercial regulation and public administration were studied consistently in ancient India's intellectual tradition. To recognize this contribution helps broaden the parameters of economic thought and need not for this reason be grandiose in its direct impact or doctrine.

Finally, alternate (but useful) explanations of Kautilya and Adam Smith on wealth, institutional context and governance. Kautilya emphasises the administrative bases of economic stability, and Smith elucidates upon the productive importance of specialisation and sale of commodities. They provide a comparative analysis which shows the advantages of bicultural profundity, conceptual rigour and sensitivity to various institutional contexts when studying economic thought. Though these two works are discussed here both critically and as part of the study, they have been dealt in both in connection with each other to give a fuller picture to the study of the roots of national well being, from thinkers at different periods and of different traditions.

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