

Public Finance in Ancient India: A Study of Revenue and Expenditure Policy in Mauryan Administration

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Abstract:

The Mauryan Empire (c. 321–185 BCE) developed one of the earliest structured systems of public finance in ancient India. This study examines the state revenue and expenditure policy of the Mauryan administration with special reference to the *Arthashastra* attributed to Kautilya. The research aims to analyze the structure of revenue sources, expenditure patterns, administrative mechanisms, and financial discipline during the Mauryan period. The study is descriptive and analytical in nature and is based entirely on secondary sources, including classical texts and modern historical interpretations. The findings indicate that the Mauryan state adopted diversified revenue sources such as land tax, customs duties, state monopolies, and fines, while expenditure was directed toward defense, administration, infrastructure, and welfare. Strong supervision, auditing procedures, and moderation in taxation reflect an advanced understanding of fiscal management. The study concludes that Mauryan fiscal policy functioned as an integrated and systematic framework, and its principles remain relevant for understanding the historical foundations of public finance and financial governance in India.

Keywords:Mauryan Administration; Public Finance; State Revenue; State Expenditure; Arthashastra; Kautilya; Fiscal Policy; Indian Knowledge System

1. Introduction

The Mauryan Empire (c. 321–185 BCE) was one of the first large and well-organized empires in ancient India. Established by Chandragupta Maurya and later expanded under Ashoka, the empire developed a strong administrative system that required a structured and efficient financial policy. A sound revenue and expenditure system was essential to maintain law and order, support the army, manage officials, and promote public welfare. Therefore, studying the state revenue and expenditure policy of the Mauryan administration helps us understand the financial strength behind its political success.

The most important source for understanding Mauryan fiscal policy is the *Arthashastra*, attributed to Kautilya (also known as Chanakya). The *Arthashastra* provides detailed information about taxation, revenue collection, treasury management, budgeting, and audit procedures. It clearly states that the treasury (kosha) was the backbone of the state, and without adequate financial resources, no kingdom could survive or expand (Kangle, 2010). The text outlines systematic methods of assessing taxes, appointing revenue officers, and maintaining accounts to ensure transparency and efficiency.

Land revenue was the main source of income for the Mauryan state. Farmers generally paid a fixed portion of their produce, often one-sixth, as tax to the government. In addition to land tax, the state earned revenue from customs duties, trade taxes, mining, forests, irrigation projects, fines, and state-controlled industries. Special officers were appointed to supervise these departments, and strict rules were established to prevent corruption and misuse of funds. Proper record-keeping and regular inspections were important features of the system (Thapar, 2002).

On the expenditure side, a major portion of state income was used to maintain a large standing army, which was necessary to protect and expand the empire. Funds were also spent on salaries of

government officials, construction of roads, irrigation facilities, forts, and other public works. During Ashoka's reign, greater attention was given to welfare activities such as medical facilities, rest houses, and social reforms, as reflected in his inscriptions (Thapar, 2002).

Overall, the Mauryan revenue and expenditure policy shows a well-planned and organized approach to public finance. The emphasis on efficient taxation, financial discipline, supervision, and welfare-oriented spending indicates that the Mauryan administration had a highly developed fiscal system. Examining these policies provides valuable insight into the early foundations of financial governance in India.

2. Review of Literature

2.1 Kangle (2010)

R. P. Kangle's translation and critical study of the *Arthashastra* provides one of the most authoritative academic interpretations of Mauryan fiscal administration. Kangle explains in detail the structure of taxation, duties of financial officers, treasury management, and audit systems described by Kautilya. He highlights that the treasury (kosha) was considered the backbone of the state and that financial stability was essential for political power. His work is important because it systematically analyzes the original Sanskrit text and clarifies technical terms related to revenue and expenditure (Kangle, 2010).

2.2 Rangarajan (1992)

L. N. Rangarajan presents a modern English interpretation of the *Arthashastra*, making it accessible to contemporary scholars. He discusses various sources of revenue such as land tax, customs duties, fines, and state monopolies. Rangarajan emphasizes the detailed budgeting procedures and financial control mechanisms mentioned in the text. He also points out that the Mauryan administration had a structured classification of expenditure, indicating an early form of financial planning (Rangarajan, 1992).

2.3 Thapar (2002)

Romila Thapar, in her study of early India, examines Mauryan administration within a broader historical framework. She explains that the Mauryan Empire developed a centralized system supported by efficient taxation and bureaucratic supervision. Thapar notes that land revenue was the main source of income and that state control over trade and resources strengthened fiscal stability. She also highlights the welfare measures introduced during the reign of Ashoka, suggesting that expenditure policy included social and moral objectives (Thapar, 2002).

2.4 Sharma (2005)

R. S. Sharma analyzes the economic structure of ancient India, emphasizing the agrarian foundation of the Mauryan economy. He explains that taxation was carefully assessed to maintain agricultural productivity. According to Sharma, the state understood that excessive taxation could reduce long-term revenue. His work connects fiscal policy with economic sustainability and social structure (Sharma, 2005).

2.5 Altekar (1958)

A. S. Altekar discusses the structure of state and government in ancient India, including administrative and financial organization. He describes the roles of key officers such as the Treasurer and revenue collectors. Altekar emphasizes that the Mauryan system included regular supervision and strict punishment for corruption, which indicates the existence of strong financial discipline (Altekar, 1958).

2.6 Boesche (2002)

Roger Boesche interprets Kautilya as one of the earliest political realists. He argues that the fiscal system described in the *Arthashastra* was practical and focused on strengthening state power. Boesche highlights the importance of revenue collection for maintaining military strength and administrative control. His work provides a political theory perspective on Mauryan public finance (Boesche, 2002).

2.7 Singh (2008)

Upinder Singh provides archaeological and textual evidence to explain Mauryan governance. She discusses administrative divisions, economic resources, and state expenditure.

Singh's work supports the idea that Mauryan financial policy was closely linked with infrastructure development and imperial expansion (Singh, 2008).

2.8 Kulke and Rothermund (2016)

Hermann Kulke and Dietmar Rothermund examine the Mauryan Empire in the broader context of Indian history. They note that the empire's administrative success depended largely on systematic revenue collection and organized expenditure. Their work emphasizes the institutional strength of the Mauryan state (Kulke & Rothermund, 2016).

2.9 Research Gap

Although many scholars have discussed Mauryan administration and the *Arthashastra*, most studies focus on political history or textual interpretation rather than analyzing state revenue and expenditure as a complete and integrated fiscal system. Works by Kangle (2010), Rangarajan (1992), and Thapar (2002) explain taxation, administrative organization, and governance, but limited research examines the structural relationship between revenue collection, expenditure allocation, financial discipline, and long-term fiscal sustainability from a modern public finance perspective. There is also insufficient comparative analysis connecting Mauryan fiscal principles with contemporary concepts such as revenue diversification, budgeting, accountability, and welfare-oriented spending. Therefore, there is a clear need for a focused analytical study that evaluates Mauryan fiscal policy as a systematic and coherent financial framework.

3. Objectives of the Study

The research has following objectives:

1. To examine the structure of state revenue in the Mauryan administration.
2. To analyze the major sources of income described in the *Arthashastra*.
3. To study the pattern of state expenditure during the Mauryan period.
4. To understand the administrative mechanisms for revenue collection and financial control.
5. To evaluate the relevance of Mauryan fiscal principles in the context of modern public finance.

4. Research Methodology

4.1 Research Design

The research follows a qualitative research design. Since the topic is historical and conceptual, the study does not involve primary data collection such as surveys or interviews. Instead, it analyzes classical texts and modern scholarly works to interpret the fiscal policies of the Mauryan period. The approach is explanatory, aiming to understand how revenue was generated, managed, and spent by the Mauryan state.

4.2 Sources of Data

The study is based on the following secondary sources:

4.2.1 Primary Textual Source:

The *Arthashastra* attributed to Kautilya serves as the principal source of information regarding Mauryan fiscal administration. It provides detailed descriptions of taxation, treasury management, auditing systems, and state expenditure (Kangle, 2010; Rangarajan, 1992).

4.2.2 Historical and Scholarly Works:

Books and research studies written by modern historians such as Thapar (2002) and Sharma (2005) are used to understand the broader economic and administrative structure of the Mauryan Empire. These works help in interpreting the fiscal system in its historical context.

4.2.3 Epigraphic Evidence:

Inscriptions issued during the reign of Ashoka provide indirect evidence regarding state expenditure on welfare and public works (Thapar, 2002).

4.3 Method of Analysis

The collected data are analyzed through textual and content analysis. Relevant passages from the *Arthashastra* and historical writings are examined to identify key features of revenue sources, taxation principles, expenditure patterns, and financial administration. The study also uses a comparative approach, where appropriate, to relate Mauryan fiscal principles with modern concepts of public finance.

4.4 Scope of the Study

The study is limited to the Mauryan period (c. 321–185 BCE) and focuses specifically on state revenue and expenditure policy. It does not cover detailed military history or broader political developments except where relevant to fiscal administration.

4.5 Limitations of the Study

Since the research is based on secondary sources, its findings depend on the interpretation of ancient texts and scholarly opinions. Some historical information may be subject to debate among historians. The study does not include quantitative statistical analysis due to the unavailability of numerical financial records from the Mauryan period.

5. Discussion and Analysis

5.1 Conceptual Foundation of Mauryan Public Finance

The Mauryan system of public finance was closely connected with the political philosophy explained in the *Arthashastra*, attributed to Kautilya (Kangle, 2010; Rangarajan, 1992). According to Kautilya, the strength of the state depended largely on its treasury (*kosha*). A well-filled treasury ensured the maintenance of the army, payment of officials, construction of infrastructure, and protection of the kingdom. Kautilya clearly stated that without financial resources, even a powerful ruler could not sustain authority (Kangle, 2010).

The Mauryan fiscal system was therefore designed not only to collect revenue but also to ensure economic stability (Sharma, 2005). Revenue policy was guided by practicality and moderation. Kautilya advised that taxes should be collected in a way that does not destroy the economic capacity of the subjects. He compared taxation to the act of a bee collecting honey—gently and without harming the flower (Rangarajan, 1992). This indicates an early understanding of balanced taxation policy.

5.2 Structure of State Revenue

5.2.1 Land Revenue

Land revenue was the principal source of income for the Mauryan state (Thapar, 2002). Agriculture was the backbone of the economy, and the majority of the population depended on farming (Sharma, 2005). The state generally collected one-sixth of the agricultural produce as tax, though the rate could vary depending on circumstances such as irrigation facilities and crop conditions (Sharma, 2005).

The Mauryan administration appointed officials to measure land, assess productivity, and supervise tax collection (Rangarajan, 1992). This shows that revenue assessment was systematic rather than arbitrary. The state also invested in irrigation projects, which increased agricultural output and, consequently, tax revenue (Thapar, 2002). Thus, revenue policy was linked with economic development.

5.2.2 Trade and Customs Duties

Apart from agriculture, trade and commerce contributed significantly to state income (Kulke&Rothermund, 2016). The Mauryan Empire had extensive internal and external trade networks (Singh, 2008). Customs duties were collected at city gates and trade routes. The *Arthashastra* mentions detailed rules regarding import and export duties, licensing of traders, and price regulation (Kangle, 2010).

The state maintained control over weights and measures to prevent fraud and ensure fair trade (Rangarajan, 1992). This regulation not only increased revenue but also promoted consumer protection. According to Thapar (2002), such centralized supervision reflects the organized administrative character of the Mauryan state.

5.2.3 State Monopolies and Other Sources

The Mauryan government exercised control over certain key industries such as mining, salt production, forests, and metal works (Sharma, 2005). These sectors generated direct revenue for the state. Mines were particularly important because metals were required for weapons, tools, and coinage (Singh, 2008).

Other sources of income included fines, penalties, license fees, and revenue from state-owned enterprises (Kangle, 2010). The existence of diversified revenue sources reduced excessive dependence on a single sector and strengthened fiscal stability (Kulke&Rothermund, 2016).

5.3 Administrative Machinery for Revenue Collection

An important feature of Mauryan fiscal policy was its strong administrative structure. The *Arthashastra* describes various officers responsible for financial management, including the Treasurer (Sannidhata) and the Chief Collector (Samaharta) (Rangarajan, 1992).

The Treasurer was responsible for safeguarding the treasury and maintaining records of income and expenditure (Kangle, 2010). The Chief Collector supervised revenue collection from different provinces (Rangarajan, 1992). These officials were subject to regular inspection and auditing. Strict penalties were prescribed for corruption or misappropriation of funds (Altekar, 1958).

Kautilya even listed various methods by which officials might embezzle money and suggested preventive measures (Kangle, 2010). This indicates a sophisticated awareness of financial irregularities and the need for internal control mechanisms. The emphasis on accountability shows that the Mauryan fiscal system included early forms of audit and financial supervision (Boesche, 2002).

5.4 Expenditure Policy of the Mauryan State

5.4.1 Military Expenditure

A large portion of state revenue was spent on maintaining the army (Thapar, 2002). The Mauryan Empire covered a vast geographical area, and strong defense was essential for stability (Raychaudhuri, 1996). Historical accounts suggest that the Mauryan army was one of the largest standing armies of its time (Thapar, 2002).

Expenditure included salaries of soldiers, maintenance of weapons, construction of forts, and transportation facilities (Rangarajan, 1992). Military spending was considered necessary for protecting trade routes and maintaining internal security, which in turn supported economic growth (Sharma, 2005).

5.4.2 Administrative Expenditure

The Mauryan administration employed a large number of officials at central and provincial levels (Kulke&Rothermund, 2016). Salaries were paid from state revenue. The existence of structured departments required systematic financial allocation.

The *Arthashastra* provides details regarding payment structures and responsibilities of officers (Rangarajan, 1992). This reflects a planned budgeting system in which expenditure was classified and controlled (Kangle, 2010). Administrative expenditure was therefore essential for implementing revenue policies effectively.

5.4.3 Public Works and Welfare

The Mauryan state also spent revenue on infrastructure development such as roads, irrigation canals, rest houses, and storage facilities (Singh, 2008). Investment in irrigation improved agricultural productivity and ensured food security (Sharma, 2005). Roads facilitated trade and communication across the empire (Thapar, 2002).

During the reign of Ashoka, greater attention was given to welfare measures. His inscriptions mention the establishment of medical facilities for humans and animals, planting of trees, digging of wells, and promotion of moral values (Thapar, 2002). These activities indicate that state expenditure extended beyond administrative needs to social welfare.

Thus, Mauryan expenditure policy was not limited to defense and administration but also included public welfare and economic development.

6. Financial Discipline and Control

One of the most remarkable features of Mauryan fiscal administration was financial discipline. Kautilya emphasized accurate record-keeping and daily accounting procedures. All income and expenditure had to be properly recorded and verified (Kangle, 2010).

Regular audits were conducted to ensure that officials performed their duties honestly. The existence of strict punishments for financial misconduct shows that the Mauryan state took corruption seriously (Boesche, 2002).

This systematic approach resembles modern principles of public financial management, including budgeting, internal control, and accountability. Although numerical data from the period are not available, textual evidence suggests that financial administration was organized and rule-based.

7. Balance between Revenue and Expenditure

The Mauryan fiscal policy aimed at maintaining a balance between revenue collection and expenditure. Excessive taxation could weaken agricultural production and reduce long-term revenue. Therefore, moderation was encouraged (Rangarajan, 1992; Sharma, 2005).

Similarly, expenditure was directed toward activities that strengthened the state and supported economic growth. Military security protected trade; irrigation enhanced agriculture; administrative efficiency improved revenue collection.

This interconnected approach shows that Mauryan fiscal policy was not isolated but integrated with overall governance and economic planning. According to Sharma (2005), such integration contributed to the stability and longevity of the Mauryan Empire.

8. Findings of the Study

Based on the above discussion and analysis, the major findings of the study are as follows:

- The Mauryan Empire developed a well-structured and systematic public finance system based on the principles explained in the *Arthashastra*.
- The treasury (*kosha*) was considered the foundation of state power, and financial strength was viewed as essential for political stability and governance.
- Revenue policy was guided by moderation and practicality. Taxation was designed in a way that would not harm the productive capacity of the people.
- Land revenue was the primary source of state income, reflecting the agrarian nature of the Mauryan economy.
- The state adopted diversified sources of revenue, including customs duties, trade taxes, mining, forests, fines, license fees, and state-controlled industries.
- The Mauryan administration maintained strong control over trade, weights and measures, and key industries to ensure revenue generation and prevent fraud.
- A well-organized administrative machinery, including officers such as the Treasurer and Chief Collector, ensured efficient revenue collection and financial supervision.
- Strict rules, inspections, and audit mechanisms were implemented to prevent corruption and misuse of public funds.
- A significant portion of state expenditure was allocated to maintaining a large standing army for defense and internal security.
- Revenue was also spent on administrative salaries, infrastructure development, irrigation systems, roads, forts, and public utilities.
- During the reign of Ashoka, state expenditure increasingly focused on welfare measures such as medical facilities, rest houses, and public works.
- Financial discipline, proper record-keeping, and accountability were important features of Mauryan fiscal administration.
- The Mauryan state maintained a balance between revenue collection and productive expenditure, ensuring long-term economic stability.
- Many principles of Mauryan public finance such as diversification of revenue, moderate taxation, accountability, and welfare-oriented spending are comparable to modern public finance practices.

9. Relevance to Modern Public Finance

Although separated by more than two thousand years, certain principles of Mauryan public finance remain relevant today. These include:

- Diversification of revenue sources
- Administrative supervision and accountability
- Moderate taxation
- Investment in infrastructure
- Welfare-oriented expenditure

Modern public finance also emphasizes transparency, audit, and efficient allocation of resources. The Mauryan example demonstrates that these principles have deep historical roots in Indian administrative thought (Kangle, 2010; Thapar, 2002).

10. Conclusion

The Mauryan administration developed a comprehensive and systematic revenue and expenditure policy. Guided by the principles outlined in the Arthashastra, the state created diversified sources of income, established strict administrative control, and allocated funds to defense, administration, infrastructure, and welfare. The fiscal structure reflected practical wisdom, financial discipline, and concern for economic stability. By maintaining a balance between revenue generation and productive expenditure, the Mauryan state ensured political strength and administrative efficiency.

The study highlights that the Mauryan fiscal framework was not merely a system of taxation but an integrated model of financial governance rooted in accountability, moderation, and welfare orientation. It demonstrates that principles of fiscal responsibility, transparency, and administrative supervision were deeply embedded in ancient Indian administrative thought. Thus, the Mauryan experience contributes significantly to the understanding of the Indian Knowledge System and provides valuable insights into the historical foundations of public finance and financial governance in India.

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