

## From Arthashastra to Atmanirbhar Bharat: Continuity of Economic Thought in Indian Knowledge System

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### ABSTRACT

The intellectual history of India reveals a continuous and sophisticated engagement with economic governance. From the classical treatise the Arthashastra attributed to Kautilya in the Mauryan period to the twenty-first-century policy vision of Atmanirbhar Bharat, Indian economic thinking has demonstrated remarkable resilience and adaptability. This paper examines the thematic and philosophical continuities between ancient Indian economic thought embedded in the Indian Knowledge System (IKS) and contemporary policy frameworks. It argues that Atmanirbhar Bharat is not merely a modern economic strategy shaped by globalization and pandemic-induced disruptions but a reinterpretation of indigenous principles emphasizing state capacity, fiscal prudence, agricultural centrality, industrial self-strengthening, welfare orientation, and strategic autonomy. Through textual analysis and policy interpretation, this study situates India's modern economic discourse within a civilizational continuum. The findings suggest that contemporary economic nationalism in India draws intellectual legitimacy from classical traditions, demonstrating that economic self-reliance in India has historical depth rather than being an isolated policy response.

**Keywords:** *Arthashastra, Atmanirbhar Bharat, Economics, Indian Knowledge System*

The study of economic thought in India often begins with colonial encounters or post-independence planning, overlooking a much older intellectual lineage. Yet, India's civilizational texts reveal a sophisticated understanding of economic governance long before modern economic theory emerged in Europe. Among these texts, the Arthashastra occupies a central place. Composed around the fourth century BCE and traditionally attributed to Kautilya—also known as Chanakya or Vishnugupta—the treatise provides a systematic account of statecraft, fiscal policy, agriculture, trade, labor regulation, and public administration. In contrast, the twenty-first-century initiative Atmanirbhar Bharat emerged in 2020 under the leadership of Narendra Modi in response to global economic vulnerabilities exposed by the COVID-19 pandemic. The policy emphasizes domestic manufacturing, resilient supply chains, local enterprise, technological innovation, and reduced strategic dependency. While framed within contemporary economic realities, the philosophical resonance between this initiative and classical Indian economic thought is striking.

This paper argues that Atmanirbhar Bharat represents a contemporary articulation of principles embedded within the Indian Knowledge System rather than an abrupt ideological shift. By examining themes such as state responsibility, fiscal prudence, agricultural strength, regulated

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## **From Arthashastra to Atmanirbhar Bharat: Continuity of Economic Thought in Indian Knowledge System**

trade, industrial policy, welfare commitments, and strategic sovereignty, the paper demonstrates that India's modern economic vision reflects deep civilizational continuity.

### **Indian Knowledge System and the Foundations of Economic Thought**

The Indian Knowledge System (IKS) encompasses diverse disciplines including philosophy, governance, science, mathematics, agriculture, and commerce. Unlike modern compartmentalized disciplines, ancient Indian texts integrated ethics (dharma), material prosperity (artha), desire (kama), and liberation (moksha) within a holistic worldview. Economic activity was not isolated from moral and political considerations.

Within this framework, the Arthashastra stands as one of the earliest systematic expositions of political economy. The term "artha" itself signifies material well-being and state power. For Kautilya, economic prosperity was foundational to social order and political stability. A weak treasury threatened sovereignty; a prosperous state enabled justice, security, and welfare. This integrated approach challenges the assumption that economic rationality is exclusively modern or Western. Instead, it suggests that economic governance has long been embedded in India's intellectual heritage.

### **STATE CAPACITY AND ECONOMIC GOVERNANCE IN THE ARTHASHASTRA**

#### **Centralized Administration and Regulation**

The Arthashastra outlines a highly organized administrative machinery. Various superintendents oversaw agriculture, mining, trade, shipping, textiles, and markets. The state monitored weights and measures, prevented adulteration, regulated prices, and supervised imports and exports.

Such detailed regulation reflects an understanding that markets require oversight to prevent exploitation and ensure fairness. Economic freedom existed, but within a structured regulatory framework. Kautilya recognized that unregulated markets could destabilize society. Modern India maintains regulatory bodies overseeing finance, competition, consumer protection, and trade. Though institutional forms differ, the underlying principle—that the state must ensure orderly economic functioning—remains consistent.

#### **Fiscal Prudence and Revenue Management**

The Arthashastra devotes extensive attention to taxation. Kautilya famously advises that the ruler should collect revenue like a bee gathering honey, neither destroying the flower nor exhausting it (Kangle 112). This metaphor emphasizes sustainability and moderation.

Revenue sources included land tax, customs duties, mining revenues, forest produce, and state enterprises. Importantly, expenditure was carefully monitored to prevent corruption and waste. Treasury strength was directly linked to political security. Modern fiscal policy similarly balances revenue mobilization with economic growth. Budgetary discipline, deficit management, and targeted welfare spending reflect analogous concerns about sustainability and state capacity.

#### **Agriculture as the Economic Foundation**

In the Mauryan period, agriculture was the backbone of the economy. The Arthashastra prescribes irrigation systems, land reclamation, crop diversification, and disaster preparedness.

## **From Arthashastra to Atmanirbhar Bharat: Continuity of Economic Thought in Indian Knowledge System**

Agricultural productivity was seen not merely as an economic activity but as a pillar of state stability. Food security ensured social order; famine threatened political legitimacy. The state was responsible for supporting farmers, extending loans, and providing relief during droughts.

Contemporary policy frameworks similarly emphasize agricultural reforms, rural infrastructure, and food self-sufficiency. The persistence of agriculture as a strategic priority underscores the continuity of economic thinking across centuries.

### **TRADE, INDUSTRY, AND ECONOMIC SELF-STRENGTHENING**

#### ***Regulated Trade***

Contrary to simplistic interpretations, the Arthashastra did not advocate economic isolation. Trade was encouraged, including foreign trade, but under state supervision. Customs duties, quality checks, and anti-hoarding regulations protected domestic stability. The concept of economic self-reliance in classical India did not imply disengagement from global exchange. Rather, it emphasized strategic management of external interactions. Atmanirbhar Bharat similarly promotes domestic manufacturing without rejecting globalization. It aims to strengthen domestic capabilities so that international engagement occurs from a position of resilience rather than dependency.

#### ***Promotion of Indigenous Industry***

Kautilya's text discusses state-supported industries such as metallurgy, mining, shipbuilding, textiles, and armaments. Certain strategic industries were under direct state control to safeguard national security. In modern India, initiatives such as Make in India aim to enhance manufacturing capacity and reduce import dependence in critical sectors like defense, electronics, and pharmaceuticals. The emphasis on indigenous innovation mirrors ancient priorities of internal strength.

#### **Welfare Orientation and Social Responsibility**

The Arthashastra emphasizes the ruler's duty to protect vulnerable populations. In times of famine or calamity, the state was expected to distribute food, provide employment through public works, and offer financial relief. This welfare orientation reflects the broader Indian philosophical principle that governance must serve the collective good. Economic policy was inseparable from social justice.

During the COVID-19 crisis, relief measures under Atmanirbhar Bharat included credit support for small enterprises, food distribution programs, and direct benefit transfers. The continuity lies in recognizing that economic resilience requires social protection mechanisms.

#### **Strategic Autonomy and Sovereignty**

Kautilya recognized that economic strength underpinned military and diplomatic power. A prosperous treasury enabled defense preparedness and international influence. Economic weakness invited vulnerability. In the twenty-first century, economic interdependence shapes geopolitics. Supply chain disruptions and technological dependencies reveal strategic risks. Atmanirbhar Bharat's emphasis on domestic production of critical goods reflects an understanding that economic sovereignty enhances national security.

## **From Arthashastra to Atmanirbhar Bharat: Continuity of Economic Thought in Indian Knowledge System**

The philosophical thread linking ancient and modern contexts is clear: economic autonomy strengthens political independence.

### **Comparative Analysis: Ancient and Modern Contexts**

While thematic parallels are evident, contextual differences must be acknowledged. The Mauryan economy was agrarian and pre-industrial. Modern India operates within a complex global capitalist system shaped by digital technology, multinational corporations, and financial markets. Thus, Atmanirbhar Bharat cannot replicate ancient models. Instead, it adapts foundational principles to contemporary realities. For instance:

- Ancient irrigation projects parallel modern infrastructure development.
- State-controlled industries find echo in strategic sector investments.
- Treasury management aligns with fiscal consolidation and monetary policy.
- The form has changed; the underlying logic persists.

### **Intellectual Decolonization and Economic Thought**

One important implication of this continuity is the challenge it poses to colonial narratives. For long, Indian economic development was portrayed as derivative of Western thought. However, the Arthashastra demonstrates advanced economic reasoning predating classical Western economics. Recognizing indigenous traditions does not reject global knowledge but enriches it. It allows India to engage with globalization from a position of intellectual confidence rather than historical amnesia. Atmanirbhar Bharat can therefore be interpreted as both an economic and epistemic project—asserting not only production capacity but also civilizational self-assurance.

### **Critiques and Debates**

Critics caution that self-reliance may slide into protectionism. Excessive import substitution historically led to inefficiencies in some post-independence economic policies. However, both the Arthashastra and contemporary frameworks emphasize regulation, not isolation. Trade was allowed but strategically managed. The goal was resilience, not autarky. Another critique concerns romanticizing ancient texts. It is important to avoid simplistic equivalence. The Arthashastra was shaped by its time, and modern policy must respond to contemporary realities. The value lies not in literal replication but in conceptual inspiration.

### **Reinterpreting Self-Reliance in a Global Age**

Self-reliance today cannot mean withdrawal from global markets. Instead, it implies diversification, innovation, technological capability, and supply chain security. In this sense, Atmanirbhar Bharat resonates with the Arthashastra's pragmatic realism. Kautilya was neither utopian nor isolationist. His emphasis was on practical governance grounded in economic strength. Modern India's challenge is to balance openness with autonomy—integrating with global systems while safeguarding domestic capacities.

## **CONCLUSION**

The trajectory from the Arthashastra to Atmanirbhar Bharat reveals a deep continuity within India's economic thought. Core principles—state responsibility, fiscal prudence, agricultural strength, regulated trade, industrial promotion, welfare orientation, and strategic autonomy—

## From Arthashastra to Atmanirbhar Bharat: Continuity of Economic Thought in Indian Knowledge System

have persisted across centuries. While historical contexts differ significantly, the philosophical foundations remain remarkably consistent. Modern economic policy in India does not emerge in a vacuum; it draws upon civilizational memory embedded within the Indian Knowledge System. Recognizing this continuity enriches our understanding of India's development strategy. It reveals that contemporary economic self-reliance is not an isolated policy response but part of a long intellectual tradition affirming that prosperity, sovereignty, and social welfare are interconnected. In reconnecting with its classical economic thought, India reclaims both its historical depth and its future agency.

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### *Conflict of Interest*

The author declared no conflict of interest.

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