PART I - INTRODUCTION
CHAPTER-I

Nature and Scope, and the Sources

a. Public Finance: Definition and Aspects

"Finance is not mere arithmetic; finance is a great policy; without sound finance no sound government is possible; and without sound government no sound finance is possible."

- James Wilson

(As quoted by Gopal M.H. in Mauryan Public Finance, p.19)

"The origins of Public Finance are to be found in the origins of the State."

- Herbert E. Newman

(An Introduction of Public Finance, p.1)

These are the two well-known definitions of Public Finance by modern economists. Here they have tried to highlight the importance of the revenue administration
of a State. Finance is rightly considered as the life-breath of a State. "Public Finance is that branch of economics which deals with the revenues and expenditures of the governments, and with the administration of such revenues and expenditures." Further it "studies the behaviour of the government in realisation of their income and also the pattern of their expenditure." According to Hugh Dalton "Public Finance is one of those subjects which lie on the borderline between Economics and Politics. It is concerned with the income and expenditure of public authorities, and with the adjustment of the one to the other." It may also be defined as the 'study of money earning' and 'money spending.'

In a modern State, the heads of income and expenditure of the public authorities mainly connote 'money receipts' and 'money payments.' Dalton further explains that "the word Finance signifies money matters and their management. Hence Public Finance in its modern sense pre-supposes the existence of a money economy." 'The primary need for a sound finance is the existence of an efficiently administered State. The more efficient the administration is the more sound would be the financial management.'
The principles which govern private and Public Finance are more or less similar. The individual in order to meet his budgetary requirements either earns or to meet an extra burden borrows from the others. The government also follows more or less the same principle. It generates the income or collects its revenue in the form of taxes and such related financial activities like receipts, fines, duties or by raising loans within and outside the State or through external financial assistance in the form of grants and reliefs.

For a proper understanding of financial administration of a State, it is essential to know the different aspects of Public Finance. The two main components of the Public Finance or the State finance are the revenue collection or public income and public expenditure. Public revenue may be defined as the collection of revenue by a State or government in the form of taxes, fees, special assessments, fines and duties. In case of an emergency the State can supplement its budgetary deficit by external borrowing in the form of loans. But a sound and efficient government mainly relies on its own income generation methods rather than outside borrowing. Public expenditure is the expenditure incurred by a State on the developmental and non developmental activities. The State pays the wages of the working class, who in turn, are responsible for the income generation. The State also spends on
administrative machinery, military and different social and developmental activities like education, health and so on in order to give its citizens a decent living. Hence Public Finance plays a key role in a modern state and the proper management of these two aspects of Public Finance leads to the well-being of the people. In the light of these modern principles of Public Finance, it is intended to study in the following pages, the nature of Public Finance in ancient days.

Concept of Public Finance in Ancient India

James Wilson's definition of Public Finance is applicable to all economies—past and present. It is well known that sound system of administration and economic management existed in ancient civilizations including India. Kautilya for instance, says that all the activities in the State depend upon the finances and hence primary attention should be given to the State treasury, which formed the vital part of the economic activity of the State. It is also believed that during the Vedic period people had the concept of a system of administration. We also come across some terms related to finances in the Vedic literature.

From the Mauryan period onwards the administrative set-up gained a more concrete shape. Kautilya of this
period was the first person to deal with the finance and its administration in minute details. In *Arthaśāstra* he has highlighted the importance of Public Finance to a great extent. He rightly considers finance to be one of the seven most essential components of sovereignty. He also warns that depletion of the treasury (Kośakṣaya) is detrimental to the interests of the State. The *Mahābhārata, Manusmṛti* and other works also lay stress on the importance of Kośa or the state treasury.

Kauṭilya's theory was that an ideal state was self-sufficient to meet its requirements even in times of crisis and calamities. He advocated the theory of 'Strong revenue collection - strong economy.'

An interesting feature of the Mauryan finance was that taxes were paid in cash and kind - in gold, coins, cattle, grains and even free service. This feature continued to a great extent even in the later days, including the period of our study. He advocated sound principles of taxation such as ability, equity, convenience etc. to use the modern terminology, though he advised emergency taxation to tide over the unusual difficulties faced by the State. On the expenditure side also due attention was given to the developmental activities such as agriculture, irrigation, industries, trade and commerce and the like. Thus, the Mauryan State set a model for the
successive dynasties for a long time to come in the matter of administration and sound system of economy.

The fiscal administration under the Guptas, one of the most prominent dynasties in the post-Mauryan period was not much different. The Gupta inscriptions as well as the literature of the period project a picture of healthy economic conditions built up on the traditional norms of taxation and the building-up of the strong treasury for the protection and the welfare of the people. The same observations hold good for the subsequent ruling dynasties of north India also.

Coming to the Deccan, the earliest rulers, the Sātavāhanas also followed the same norms. The Nasik inscription of Puḷumāvi\textsuperscript{8} for example, claims that the king levied and expended the taxes in accordance with the Dharmmaśāstras and shared the joys and sorrows of the people. The inscriptions of the Vākāṭakas of the upper Deccan give glimpses of the economic activities of the period through the mention of a variety of taxes, land grants and so on. The inscriptions of the Kadambas and the Gaṅgas do not give much information regarding the economic conditions. But it will not be wrong to conclude that they followed the same norms and patterns laid down by the theoretical works and the earlier kingdoms respectively.
As discussed in the sequel a clearer picture emerges with the advent of the Chālukyas of Bādāmi when the administration took a concrete shape by the formation of big and small units of administration with regional and local governors to administer such units and an elaborate machinery for fiscal administration. Copious information is available regarding these matters in the sources of subsequent periods covering the dynasties of the Rāṣhṭrakūṭas, Chālukyas of Kalyāṇa, the Sēṃas and the Hoysalas. This has been critically examined and utilised in the present study.

b. Nature and Scope of the Study

The topic of the research is "Public Finance in Early and Medieval Deccan." Under this topic a comprehensive study of the revenue system in the Deccan area from 6th to 13th Century A.D. is attempted. The area that comes under study broadly comprises of the present day Karnataka and Maharashtra and Western parts of Andhra Pradesh States, roughly between the rivers Narmadā and Kāveri. This area formed one unit of administration though ruled by different successive dynasties in the period of study. Many prominent Kingdoms like those of the Chālukyās of Bādāmi, the Rāṣhṭrakūṭas of Malkhed, the Chālukyās of Kalyāṇa and the Kalachuris, the Sēṃas of Dēvagiri and the Hoysalas of Dōrasamudra
ruled over this vast area of the Deccan from 6th to the end of the 13th Cent. A.D. The dynasties of the Telugu region have been excluded from the study because of the nature of the source material and the vastness of the subject.

The purpose of undertaking this study is to highlight the system of the fiscal administration which was prevalent in this region during the rule of these dynasties. As noted above the concept of Public Finance or the revenue system for the welfare of a State can be traced to a very early period in our history. It took a concrete shape in the Mauryan period when clear-cut norms, rules and regulations were laid down for efficient revenue administration. These norms, rules and regulations became a guideline for the ruling dynasties of the subsequent periods though of course, with some changes depending on the circumstances and local requirements. The period chosen provides ample material for this useful study.

The reason for selecting this period, from 6th to 13th Centuries A.D., is obvious. From the days of the Chālukyās of Bādāmi down to those of the Seūṇas and the Hoysaḷas, the major portion of the Deccan remained one political entity, though it was ruled by different dynasties successively. Throughout this period the administrative system by and large, remained the same and all the dynasties continued the same system which was
followed by their predecessors. This resulted in the steady growth of the economy also. With the advent of the Vijayanagara empire in 1336 A.D. after the fall of the Seuṇas and the Hoysaḷas, the system of administration underwent major changes which had its effect on the economy also. Hence the study is restricted to the end of the 13th Century A.D.

c. Nature and Utility of the Sources

The source material for our study is of two types: one is epigraphical and the other, literary. But really the main source is epigraphical. Large number of inscriptions belonging to different ruling dynasties of this period provide the basic material for such an investigation. The details provided by such inscriptions through the different types of grants recorded in them help us to get a fairly good picture of the economic activities of that period. In the present study Kannada inscriptions play a major role in giving such details, followed by Sanskrit inscriptions. By the end of 7th Cent. A.D. Kannada had almost become the official language of the State and by 8th Cent. A.D. onwards inscriptions came to be issued regularly in the Kannada language, though copper plate grants issued during this period were mostly in Sanskrit.

The Epigraphy branch of Archaeological Survey of India has surveyed the lower part of the Deccan comprising of
the northern regions of Karnataka and the parts of Andhra Pradesh states and discovered inscriptions are published in the series of volumes known as South Indian Inscriptions. Inscriptions incorporated in South Indian Inscriptions volumes VII, IX pt.I, X, XI pt.I and II, XV, XVIII and XX are of particular use for our study. They contain large number of inscriptions belonging to the period and region of our study. B.Lewis Rice, the Director of Archaeology and Museums of the erstwhile Government of Mysore State surveyed the vast area which formed the princely State of Mysore and published as many as twelve volumes containing large number of inscriptions of Southern Karnataka under the Epigraphia Carnatica series. They were augmented by a few more volumes in the same series by the later Directors. Recently the University of Mysore has taken up the project of revising these volumes and has till now brought out nine volumes by not only revising but adding many new inscriptions. So much so the material contained in the first five volumes of Rice have been expanded into nine revised volumes. These and the remaining yet to be revised volumes provide rich material for our study. The Kannada Research Institute, Dharwad has mainly surveyed some parts of northern Karnataka region and has published the discovered inscriptions under Karnatak Inscriptions volumes which are six in number. The Annual Reports on South Indian Epigraphy of the Archaeological Survey of India, later redesignated as the
Annual Reports on Indian Epigraphy after 1946 give details about the discoveries of new inscriptions and a brief contents of the inscriptions. In the recent times the Department of Archaeology and Museums of Government of Andhra Pradesh has brought out handly district-wise volumes discovered in the respective districts like Warangal, Karnool, Cuddapah and Nalgonda. Earlier volumes published under Hyderabad Archaeological Series and Andhra Pradesh Government Archaeological Series also contain good number of useful inscriptions. Individual scholars have also carried out the survey of some areas and have published newly discovered inscriptions. Two volumes of such type are useful for our study. They are Inscriptions From Nanded District by Shrinivas Ritti and G.C. Shelke, the other one is Inscriptions From Solapur District by Shrinivas Ritti and Anand Kumbhar. Two more volumes of inscriptions viz. Corpus of Kadamba Inscriptions by B.R. Gopal and Inscriptions of the Western Gangas by K.V. Ramesh help us to know the earlier history of the Deccan which precedes the period of our study. All these volumes of inscriptions provide basic and useful material for the study of the economic history of the Deccan from 6th to 13th Century A.D.

In the reputed academic periodical of the bygone days viz. Indian Antiquary, John Faithful Fleet published a good number of inscriptions discovered by him in the
region under study under the series, Sanskrit, Prakrit and Old Kanarese Inscriptions. Though many of these inscriptions later found their way into the volumes of South Indian Inscriptions and elsewhere, Fleet's meticulous study and his interpretation of fiscal terms have been of great use in our study.

Epigraphia Indica of the Archaeological Survey of India is a journal exclusively devoted for the epigraphical studies, containing detailed and critical study of individual inscriptions. As many as forty two volumes of this have been brought out till now. They contain rich material in the form of the texts and learned discussions on several important inscriptions.

Some of the academic journals notably the Journal of the Epigraphical Society of India have also been publishing studies on inscriptions which supply new material or new interpretation of the known material.

Comparatively the literary works of this period are few in number. Yet they provide useful material for the study of the topic. Sometimes their information is corroborated by the epigraphical evidences. Earlier works also are highly useful as they provide a theoretical background for our study.

A very useful work of this type is Arthasastra of Kauṭilya. Though the work was composed in much earlier
period, it helps us to understand the beginning of the concept of Public Finance in Indian administration. It was Kautilya, who for the first time enunciated the concept of a model State. He also discusses the financial administration of the State. That Arthaśāstra and Chāṇakya stood as an ideal and model in relation to administration is vouchsafed by even very late works and inscriptions. Many officers figuring in inscriptions of different periods are compared to Chāṇakya in Nīti i.e. Rājanīti (Nīti-Chāṇakya).

This work is therefore, of immense use for our study and it is referred to frequently, particularly in the context of theoretical aspect of the study.

Two epics, the Rāmāyāṇa and the Mahābhārata do discuss some aspects of the State which include the financial management also. The Rājadharma Parva in the Śāntiparva of Mahābhārata lays down the basic principles of taxation and exhorts the king to be moderate in the matter of collection of taxes from the public, being neither too harsh nor too soft. Manusmṛti endorses the same view when it states that the State should not be detrimental to the interests of the people by being greedy in collection of taxes nor should it harm its own interest by being too lenient. In the matter of disbursement of the revenue also the Mahābhārata has something interesting to say. The Rāmāyāṇa as we know projects a Sukhīrājya, a welfare State where the primary interest is the well-being of the people. Like the Mahābhārata, the Rāmāyāṇa
also lays down several principles in the matter of financial administration, particularly collection of taxes. Some other ancient works like Yājñavalkya-smṛti deal with the topics related to the State. Hence these works also fall under the source category for our study as they throw welcome light on the ancient polity. Here it may be noted that in ancient times finance never existed as a separate branch and it was a part and parcel of the administrative set-up.

Coming to the Deccan and particularly Karnataka two literary works are to be mentioned. One is Mitākṣara of Vijnānēśvara and the other one is Mānasollāsa or Abhilāṣitartha-chintāmani of Chālukya Sōmeśvara III. Mitākṣara of Vijnānēśvara is a commentary on Yājñavalkya-smṛti. The work helps us to know the details of the administration of justice of that period. Mānasollāsa of Sōmeśvara III gives details about the polity and administration of its period. Being encyclopaedic in nature it contains various topics outside administration. It also contains topics on Polity and elaborately deals with Saptāṅga of the State. Naturally it deals with Kōśa also.

There are several literary works in Kannada which though not having a direct bearing on our topic do contain some casual references to one or the other aspect of our study. They have been utilised as and when needed. Mention may be made here of Dharmmāṁrta (1112 A.D.) of Nayasaṇa, Samayaparīkṣe (1100 A.D.) of Brahmaśiva, Vyavahārāgamitā (1190 A.D.) of Rajāditya, Sāntipurāṇa (950 A.D.) of Ponna
and Somesvarasataka (1195 A.D.) of Palkurike Somanatha. These sources and the connected material have been fully utilised in the study.

d. Earlier Works on the Subject

The economic history of India of any period is a fascinating subject for study. Many scholars both Indian and Foreign, have tried to explain different aspects of the economic history from different angles since a long time. Some have dealt with the agrarian economy, and the others the revenue administration. Some have tried to explain the different revenue terms that are found in the inscriptions. But the vastness of this subject still provides scope for the study of its different aspects with a new outlook.

Coming to the Public Revenue Administration, studies on this subject were started in as early as 1894 when John Faithful Fleet discussed in his book, Dynasties of the Kanarese Districts (Bombay Gazetteer Vol.I pt.II) important epigraphs which provide valuable information regarding political and economic history of the northern Karnataka. In the early part of the 20th century with the publication of M.H. Gopal's work entitled Mauryan Public Finance in 1935, the study of the economic history of ancient India by applying the modern principles of economics may be said to have commenced. Gopal's work deals with the revenue administration of the Mauryan period in greater
details. This is a very systematic work in the field of economic history of ancient India.


There are also works of this type pertaining to specific regions such as Land System in South India - 800 to 1200 A.D. (1933) by K.M. Gupta, Economic Conditions in Southern India - 1000 to 1500 A.D. (1936) in two volumes by A. Appadorai and Economic History of Mithilā (1974) by Aquique Mohammed. Like the Mauryan Public Finance noted above, there is a work on the Chōlas entitled The Revenue System of the Chōlas - 850 to 1279 A.D. (1987) by P. Shanmugam.
Works on Indian Polity also contain a discussion on revenue administration. Important among such works are Hindu Polity (1924) by K.P. Jayaswal, Hindu Administrative Institutions (1929) and Mauryan Polity (1932) by V.R.R. Dikshitar, State and Government in Ancient India (1949) by A.S. Altekar, A History of Indian Political Ideas (1959) by U.N. Ghoshal and South Indian Polity (1957) by T.V. Mahalingam.

Coming to the region of our study i.e. the Deccan, as defined above, a few works are available for reference: Economic History of the Deccan (1969) by Dipakranjan Das deals with the earlier period of Deccan between 1st and 6th Cent. A.D. The Economic Conditions in Karnataka - 973 to 1336 A.D. (1975) by G.R. Kuppuswamy almost covers the same period as ours, but the scope and the approach of the work are different. Revenue administration forms only a small part of this work. Same comments hold good for Some Aspects of Economic and Social Life in Karnataka - 1000 to 1500 A.D. (1974) by S. Gururajachar.

Some dynastic histories also contain some discussion on the economic conditions under respective dynasties. Notable among them are Rashtrakūtas and Their Times (1934) by A.S. Altekar, The Seiṇas (Yādavas of Dēvagiri) (1973)

* The list is not exhaustive. These are some of the important works to which this author had access.

*The Coins of Karnataka* (1975) by A.V. Narasimha Murthy and *Coins and Currency Systems in South India* (1977) by Brajadulal Chattopadhyya are of particular help for studying the monetary system of the period.

Early volumes of *Proceedings of the Indian History Congress*, several journals and collections of seminar papers published now and then contain articles which provide useful material for our study. The list of such articles is too lengthy to be reproduced here.

Despite all these works and articles, there is still scope for the study of different aspects of the economic history of the Deccan. New inscriptions discovered in the recent years supply fresh information and there is scope for fresh interpretation of already known ones. All this vast amount of material has been judiciously utilised in projecting the aspects of Public Finance in the period of our study.
REFERENCES AND NOTES

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2. Sarkar K.R. Public Finance in Ancient India, p.1
3. Principles of Public Finance, p.1
4. Ibid., p.2
6. Arthasastra, II.8
7. Ibid., II. 8.4

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