



## From Arthashastra to E-Governance: A Comparative Study of Ancient Indian Administration and Contemporary Governance in the Light of Indian Knowledge Systems

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### ABSTRACT

The discourse on “Good Governance” in India has historically oscillated between colonial bureaucratic inheritances and modern technocratic interventions. However, a critical examination of the Arthashastra reveals that the conceptual underpinnings of the modern welfare state surveillance, data-driven administration, and accountability, are indigenous to the Indian Knowledge System (IKS). This paper argues that contemporary E-Governance initiatives, such as the Unified Payments Interface (UPI) and the National Education Policy (NEP) 2020, are not merely administrative modernizations but are, in effect, digital manifestations of Kautilyan statecraft. By juxtaposing Kautilya’s Dandaniti (science of Government) with modern Algorithmic Accountability and the Saptanga theory with the vision of Viksit Bharat @2047, this study establishes a normative continuity between ancient Rajdharma and modern constitutionalism. Specifically, it analyzes how the Kautilyan metaphor of “fish moving underwater” finds its resolution in the transparency of blockchain and Direct Benefit Transfers (DBT). Through a doctrinal and comparative methodology, the paper posits that integrating Anvikshiki (critical inquiry) into the administrative framework is essential for transforming India into a knowledge economy, bridging the gap between the Mauryan Janapada and the digital citizenry of the 21st century.

### KEY WORDS

Arthashastra, Indian Knowledge Systems (IKS), E-Governance, Algorithmic Accountability, NEP 2020, Viksit Bharat.

## INTRODUCTION

The history of Indian administration is often read through the Weberian perspectives in which bureaucracy is defined by rigid hierarchies and impersonal rules with many colonial roots.<sup>1</sup> This view, however, ignores the elaborate administrative machinery that existed thousands of years earlier, which is best codified in Kautilya's Arthashastra.<sup>2</sup> Far from being an anachronistic relic, the Arthashastra provides a comprehensive epistemological framework anticipating the complexities of the modern state. As India is moving towards the vision of Viksit Bharat - 2047,<sup>3</sup> there is a compelling need to decolonize the theory of administration and to re-examine indigenous frameworks of governance. This paper argues that the changes between the Mauryan administration and the modern E-Governance is not a disruption but a continuum, the change from the manual "record-keepers" (Gopa) to digital databases in continuation of the central objective of Yogakshema (welfare and protection).

The central research problem this paper attempts to address is the "normative void" in modern technological governance. While India has moved quickly in the application of digital tools, ranging from Aadhar to AI-enabled policing, the ethical and legal guidelines that govern the application of the tools are often devoid of an indigenous character. Kautilya offers a solution by saying that governance depends on Anvikshiki (critical inquiry and philosophy).<sup>4</sup> Just as Arthashastra laid down that the king should be governed by philosophy to avoid tyranny, modern Artificial Intelligence and algorithmic decision-making systems should be subject to "Constitutional Dandaniti" to avoid digital arbitrariness.

Furthermore, the paper examines the economic aspect of this continuity. Kautilya famously observed that one of the challenges in detecting corruption among officials is that they are very much like fish swimming underwater whose consumption of water cannot be detected.<sup>5</sup> Contemporary e-governance mechanisms, specifically Direct Benefit Transfer (DBT) and the Public Financial Management System (PFMS), are the technological antidote to this age-old dilemma, as the invisible "water" of public funds is transformed into visible digital trails.

Finally, this study shows how Kautilya's ideas on training leaders fit well with the National Education Policy (NEP) 2020.<sup>6</sup> By moving from rote compliance to critical thinking, the NEP resembles the ancient quest of Anvikshiki for a prepared citizenry for the knowledge economy which will be needed for a developed nation. Through a comparative analysis of these themes, this paper seeks to show how the blueprint for a transparent, efficient, and ethical Viksit Bharat can be found in the convergence of ancient wisdom and modern digital infrastructure.

## The Kautilyan Administrative Framework: From Rajdharma to Institutional Statecraft

The administrative philosophy of Arthashastra goes beyond the rudest ideas of ancient monarchy, in that it reflects a highly developed theory of statecraft in which Government is institutionalized as science, and not a privilege bestowed to an ordinary individual by birth. Kautilya conceptualises the state not as a territorial entity only, but as a living organism operating through a complex system of checks, balances and clearly defined duties. This chapter describes an analytical study of the Kautilyan state based on its two most important pillars: the Saptanga (Seven-limbs) theory and the *doctrine of Yogakshema* (Welfare), as the proto-architectural blueprint for modern Indian administration.

### The Saptanga Theory: The Organic State

Unlike Western social contract theories which tend to think that the state is a necessary evil to prevent anarchy, Kautilya plans the state to be like an integrated organism composed of seven constituent elements, or Prakritis.<sup>7</sup> This framework is known as the Saptanga theory and involves redefining sovereignty as the collaborative functioning of seven different organs, namely, *Swami* (The Sovereign), *Amatya* (The Ministers),

*Janapada* (The Territory and Population), *Durga* (The Fortified Capital), *Kosha* (The Treasury), *Danda* (The Army/Law Enforcement), and *Mitra* (The Allies).

For the purpose of comparative administrative analysis the interaction of Swami, Amatya and the Janapada is of paramount significance. Kautilya states that while the Swami is the head, the administrative machinery cannot be function without the Amatya (bureaucracy). He makes clear that one wheel cannot draw a chariot;<sup>8</sup> the sovereign therefore has to appoint ministers and hear their counsel. This positions the Amatya not as mere servants, but as the “eyes” of the state, from whom high moral and ethical standards, financial honesty and unwavering loyalty were expected. This ancient insistence upon a meritocratic and ethically bound bureaucracy is parallel to the modern need for a non-partisan civil service, one of the pillars of the Constitution framework of India.<sup>9</sup>

Furthermore, the *Janapada* represents the physical and demographic substrate of the state. Kautilya argues that a state is characterized by the people; a territory without a population cannot be called a kingdom.<sup>10</sup> He makes it clear that the *Janapada* must be fertile and have industrious people, making economic prosperity of the state directly related to the productivity of the people. This perspective is a forerunner of the contemporary economic theory of Human Capital, in which the population is considered as a vital asset to be fostered instead of merely being ruled.

### **Yogakshema: The Welfare State Paradigm**

The ultimate goal of the Kautilyan administrative machinery is the achievement of Yogakshema. Etymologically, this concept is a compound of Yoga (the acquisition of those things which are not possessed) and Kshema (the preservation of those things which are already possessed).<sup>11</sup> In the context of governance, it requires the state to be an active agent of social assurance, and requires it to ensure not simply law and order, but economic and social well-being of the people.

This doctrine fundamentally alters the relationship between the ruler and the ruled. The *Arthashastra* famously declares: “*In the happiness of his subjects lies the king’s happiness; in their welfare his welfare*” (*प्रजासुखे सुखं राज्ञः प्रजानां च हिते हितम्*).<sup>12</sup> This is not merely a moral platitude but a constitutional obligation. The King must subordinate his personal self-interest; he is compelled to merge his individual personality in the impersonal personality of the state, to act as a trustee of the public welfare.

Consequently, the Kautilyan state takes over responsibilities which are strikingly modern: from the construction of roads and sanitation to the protection (or guardianship) of the indigent, the elderly and orphans. The state is envisaged as a dharmadhikari (upholder of justice) and mangalkari (promoter of welfare), who is tasked with protecting the citizenry from both external aggression and internal exploitation. This welfare-centric approach is the ancient predecessor of the Directive Principles of State Policy enshrined in the Constitution of India, Article 38 in particular which directs the state to secure a social order for the promotion of the welfare of the people.<sup>13</sup> Thus, the Kautilyan framework provides a formidable indigenous antecedent to the modern concept of the Welfare State.

### **Comparative Analysis – Indian Knowledge Systems in the Digital Age**

The course of Indian administration has often been misconceived as a stepping stone from ancient despotism to our modern democratic system. However, a doctrinal analysis reveals that the fundamental challenges of governance, agency costs, information asymmetry and the equitable distribution of resources remain the same. These were dealt with in Kautilya’s *Arthashastra* (Science of Statecraft) by the employment of Gudhapurushas (intelligence gathering)<sup>14</sup> and Lekhaka (record keeping). Today, the ‘Digital India’ architecture is addressing them through Data Analytics and Digital Public Infrastructure (DPI). This chapter adopts a comparative analysis on three important themes: Transparency, Algorithmic Governance, and Education, which show that modern policy frameworks are digital manifestations versions of IKS principles.

### **The Glass House: From Matsyanyaya to Blockchain Transparency**

One of the most persistent metaphors in Arthashastra as related to corruption in public offices is the analogy of the fish. Kautilya observes: “Just as it is impossible not to taste the honey or the poison that finds itself at the tip of the tongue, so it is impossible for a Government servant not to eat up, at least, a bit of the king’s revenue”. He further elaborates that just as fish swimming underwater cannot be seen drinking water, the officials misappropriating funds cannot easily be detected.<sup>15</sup>

This brings out the classic “Principal-Agent Problem” of economics.<sup>16</sup> Kautilya’s solution was a rigorous network of spies and audits. In the modern administrative setting, the “fish” are the intermediaries in the welfare distribution chain and the “water” is the opacity of cash transactions. The modern antidote to this Kautilyan dilemma is the implementation of Direct Benefit Transfer (DBT) and Public Financial Management System (PFMS). By digitizing the treasury (Kosha) the state eliminates the “water”, the opacity, making visible all the movement of funds.

Furthermore, BlockChain technology integrated with the land registry and financial records is the digital Akshapatala (Records Office).<sup>17</sup> Where Kautilya imposed the cross-verification of accounts by multiple officers to detect embezzlement of accounts, blockchain does so through a decentralized ledger technology which makes data tampering virtually impossible. Thus, the “Glass House” of modern e-governance is the technological manifestation of Kautilya’s wish for complete fiscal visibility.

### **Dandaniti in the Age of AI: Towards Algorithmic Accountability**

The concept of *Dandaniti* (the science of Government and punishment) is central to the Kautilyan state. However, contrary to the colonial interpretation of *Danda* as mere brute force, the *Arthashastra* emphasizes that punishment must be proportionate and grounded in evidence. If the rod of authority is used unjustly, it leads to *Matsyanyaya* (the law of the fish/anarchy);<sup>18</sup> if not used at all, it leads to chaos.

In the 21st century, the “rod” of the state is becoming increasingly algorithmic. Artificial Intelligence (AI) systems are currently used in predictive policing, credit scoring and beneficiary identification. In this context, the Kautilyan principle of “Proportionate Danda” which emerges as a critical normative framework for AI regulation. Recent legal scholarship on ‘Arthashastra Constitutionalism’ argues that the deployment of AI must be subject to *Raksha* (protection) against algorithmic bias.

Western regulatory models, including the EU AI Act, focus on risk categorization.<sup>19</sup> An indigenous approach on the other hand, would bring the Kautilyan duty of the *Amatya* to ensure that the “black box” of AI would not become a tool of oppression. Just like Kautilya, who had mandated that the logic employed by the King must be guided by *Anvikshiki* (philosophy/reason) so that he does not abuse his power; it is imperative that modern algorithms to be explainable and accountable. The “Digital Personal Data Protection Act, 2023”<sup>20</sup> can perhaps be understood as the contemporaneous codification of Kautilya’s norms of privacy that shield the *Janapada* against the unchecked surveillance of non-state actors while preserving for the state the prerogative to maintain order.

### **Anvikshiki and the NEP 2020: Rebuilding Human Capital**

Perhaps the most important contribution of the Arthashastra to modern policy is its epistemological focus. Kautilya classifies knowledge into four branches,<sup>21</sup> *Anvikshiki* (philosophy and critical inquiry) being the “lamp of all sciences” (*Pradipah sarva vidyanam*). He reasoned that without the capacity for critical and rational thought, a ruler or minister is blind, regardless of their technical skills.

This tradition of critical inquiry was largely dismantled by the colonial education system, which was designed to churn out clerks. The National Education Policy (NEP) 2020 is a structural return to the paradigm of *Anvikshiki*. By shifting the pedagogical focus from rote memorization to critical thinking and interdisciplinary learning, NEP seeks to establish a new class of “Knowledge Citizens.” This directly parallels the Kautilyan education of the *Amatya*, which necessitated a synthesis of *Trayi* (Vedas/Ethics) and *Varta* (Economics) and

Dandaniti (Political Science). In the context of the modern “Knowledge Economy” this holistic education is essential. A Viksit Bharat requires human capital that is not only technically proficient but ethically grounded, a combination of skill (Artha) and values (Dharma) which the NEP aims to institutionalize.

## **The Vision of Viksit Bharat @2047: A Kautilyan Roadmap**

The vision of the Prime Minister of a Viksit Bharat @2047-i.e, a developed India by the centenary of its independence - necessitates a strategic roadmap to ensure a balance between high economic growth and social stability. The Arthashastra offers a timeless template for such expansion, often referred to as the Chakravartin (Universal Ruler) ideal, which is dedicated not only to territorial expansion but to the maximization of national power and welfare. This chapter proposes the RAASH Model (Resource, Adaptability, Accountability, Strategy, Human Capital) as a neo-Kautilyan model for realising this vision.

### **Resource Allocation and Artha (The Economic Engine)**

Kautilya believes that “Wealth is the root of the state” (Artha eva pradhanam).<sup>22</sup> Without a strong treasury (Kosha), the army cannot be supported, welfare cannot be delivered. For Viksit Bharat this means the prudent management of natural and digital resources. The Arthashastra offers detailed instructions on mining, forestry and trading routes and emphasizes state control over critical strategic assets.

“In the context of 2047, data constitutes the new ‘mine’.” The Indian approach to Digital Public Infrastructure (DPI), to make digital layers for payment (UPI) and for digital identity (Aadhar) available to all as public goods and not private monopoly, thus reflects the Kautilyan instinct to control the “commanding heights” of the economy in public interest.<sup>23</sup> This ensures that the wealth generated from the digital economy stays within the Janapada preventing the extractive exploitation that Kautilya warned against.

### **Adaptability and Mitra (Strategic Autonomy)**

The Mandala theory of foreign policy teaches that the sphere of a nation’s friends and enemies is fluid. Kautilya counsels the King that he should embody the nature of ‘seasons’: adaptable yet resolute. In the geopolitical context of the 21st century this is aligned with the Indian policy of “Strategic Autonomy”.<sup>24</sup>

As India strives to become a developed nation, it is confronted with a volatile world order. The Kautilyan maxim that “an ally is one who shares a common interest” is what guides modern diplomacy. Whether in the Quad or in the Global South, India’s alliances are strategically pragmatic but based on the protection of national interest (Yogakshema). Viksit Bharat relies on using these alliances (Mitra) to secure energy, technology, and markets, as the Mauryan empire used alliances to assure trade routes.

### **Yogakshema as Sustainable Development**

Finally, the definition of ‘Development’ within the Viksit Bharat vision needs critical examination in the context of Yogakshema. Kautilya did not dichotomize economic growth as distinct from social welfare. The state was responsible for the orphans, the elderly, and the infirm. The RAASH model focuses on Accountability and Human Capital. A developed India cannot be one in which inequality divides the Janapada. The Arthashastra warns that if a King does not care for the welfare of the people he provokes *Prakriti Kopa* (public revolt).<sup>25</sup> Therefore, the path to 2047 has to be inclusive. Policies such as universal health cover (Ayushman Bharat) and housing for all are not “socialist” accretions but “Kautilyan” necessities to ensure the socio-political stability required for long-term growth.

## **CONCLUSION**

The juxtaposition of the Arthashastra with modern E-Governance enables the revelation of a very deep continuity in the logic of the Indian state. The problems of the Mauryan era, including corruption, collection of data, balance of power, etc., are structurally the same as the problems of the Digital Age; only the instruments have changed. Where Kautilya used spies, we use data analytics, where he used copper plates, we use blockchain.

However, the most important lesson the Arthashastra would provide to the Viksit Bharat mission is the subordination of Artha (wealth) to Dharma (Ethics). Technology is just a tool of Dandaniti. Without the ethical compass of Anvikshiki, AI is a tool of surveillance rather than service, and economic growth is extractive rather than inclusive. As India takes its place in the global arena, it does not have to look only to the West for models of good governance. The “Glass House” of transparency, the “Welfare State” of Yogakshema and the “Knowledge Economy” of Anvikshiki are indigenous inheritances. By bringing these principles of IKS into the process of modern policy design, by making the necessary sorts of changes and building what can be called a “Digital Arthashastra”, India can ensure its rise is not merely economically prosperous, but ethically and socially sustainable. The future of Indian governance is in decoding the past.

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