

## Component-I (A) – Personal details:



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An MHRD Project under its National Mission on Education through ICT (NME-ICT)

Subject: **Indian Culture**

Production of Courseware

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Paper : **Indian Polity**

Module : **Taxation System (North India till 600 CE)**



ज्ञान-विज्ञान विमुक्तये



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**Component-I (B) – Description of module:**

Subject Name	Indian Culture
Paper Name	Indian Polity
Module Name/Title	Taxation System (North India till 600CE)
Module Id	IC / POLT / 06
Pre requisites	knowledge of a general understanding of revenue system of early India
Objectives	Introducing the learner to the various kinds of taxes that were imposed by the rulers.
Keywords	Bhaga, Bali, Kara, Sulka, Hiranya

**E-text (Quadrant-I) :****1. Introduction**

Revenue system is the backbone of a state. The treasury was considered as one of the seven elements of the State and its importance was sometimes held even greater to that of the army. The Ramayana and the Mahabharata also pay particular attention to the royal exchequer. In the Ramayana Dasharatha advises Rama to replenish treasury and granaries. The Mahabharata lays down that the treasury must be replenished by taking wealth from the people and when filled, it should be carefully kept and sought to be increased. Besides, the importance of the healthy treasury is fully recognized in the Buddhist literature. Now the question is how would a king maintain a healthy treasury? The state usually meets its expenditure through taxation.

**2. Principles of Taxation**

Though the state's power of taxation is unrestricted and unlimited, certain doctrines or principles are kept in view for the optimum economic welfare of the people. To achieve this end, the principles of taxation enunciated by our authorities resemble in character the canons propounded by Adam Smith.

In the opinion of N.N.Kher, Adam Smith's famous doctrines of certainty, convenience, and economy were fairly applicable to the system of taxation in ancient India.

The Arthasastra lays down that the taxes on all merchandise intended for sale were required to be fixed once and for all. 'Whosoever doubles the revenue eats into the vitality of the country and will deserve punishment. Vasishta and Manu suggest that the ruler though reduced to poverty should not take anything that ought not to be taken, nor should he refuse to take that which he ought to take in spite of his being already wealthy. The principles may indicate the prescription of taxes and thus satisfy the canon of certainty. Adam Smith's doctrine of convenience is well illustrated in a large number of metaphors. We may, therefore, describe here some of them. Kautilya states that the ruler should gather the ripe fruits from his state just as fruits are plucked from a garden as often as they become ripe. He

was to abstain from taking unripe fruits or revenue lest that should cause him a great calamity and ruin. "As the leech, the bee and the calf take their food little by little", so the king should draw from his kingdom reasonable annual taxes. In the Mahabharata, Bhishma says that a person requiring milk should not get the same by clipping the udders of a cow. She must be treated with kindness to obtain milk. Similarly, the king should not use improper means to collect the taxes. He should behave like a tigress who takes her cubs with her teeth, but does not bite them or like a mouse, which though having sharp teeth only gives a gentle motion of the feet. Furthermore, 'the king should impose taxes gradually and with mildness, in proper season (*yathakalam*) and according to due form (*yathavidhi*). The principle of economy implies the minimum possible costs of collection. The Arthashastra prescribes that works of revenue should be conducted in such a way that it tends to increase the revenue of the state and decrease the expenditure.

## 2.1 Fiscal productiveness

Fiscal productiveness consists in the fact that tax proceeds should sufficiently cover the government expenditure and deficit be avoided, but it should not cripple the economic resources of the country. The doctrine was, to a great extent, observed both in principle and in practice. Kautilya says that the quality of a good country lies in its capability of supporting the expenditure. Manu and the Mahabharata mentions that the taxes should be so fixed that the producer be not deprived of participating in the result. Moreover, the king should not cut off his own root of the people by excessive greed. So the taxes were imposed in such a way that the state as well as the people engaged in production of the articles could both partake of the output.

The principles of elasticity and diversity were also recognised. The former enabled the state to increase its financial resources in a state of emergency. The principle aim of Kautilya's policy was to exploit resources of the kingdom to the advantage of state treasury without being harsh or even unsympathetic to its people.

## 3. Modes of Taxation

Revenue was realised both in kind as well as in cash. The Classical writers refer to the share of the state in the form of "the produce of the soil", which was obviously in kind. The term *athabhagiya* in the Rummindei Pillar inscription of Asoka has been taken to mean 1/8<sup>th</sup> of the land produce which denotes the practice of collection in kind. This is supported by the Sohagaura copper plate inscription and the Mahasthan fragmentary stone plaque inscription which refer to the royal store houses, which may possibly signify that the land revenue was collected in kind. State granaries or royal store houses (*Koshthagara*) were part and parcel of the treasury and equal emphasis was laid upon filling them with grains (*dhanya*) etc.

The Arthashastra talks about different forms of payment to the state treasury. They were in cash, grains, cattle, raw materials and 'by corvee (*vishti*) etc. Elsewhere, Kautilya lays down that out of the crops grown by various methods, so much of the produce, as would not cause any hardship to the cultivator, should be given to the state. He also refers to the royal transactions of the purchase, sale and giving the grains on interest, barter of one class of grains with another, vessel for weighing (*dharaka*) and measuring (*mapaka*) grains etc. Such references may imply that the state generally received its share in grains. A fine of 53

panas levied for an unauthorized taking away of corn from fields, suggests that the land revenue was realized in kind.

### 3.1 Tax in kind

The Smritis refer to the revenues in grains from cultivated lands. In the Mahabharata, the king is enjoined to make his treasury 'rich with corn'. Some of the shipping duties paid by 'merchants coming from afar' were probably also in kind. The Jatakas frequently inform us of the villages "yielding hundred thousand", but they also show that the revenue was realised in grains. Thus the officer called *dronamapaka* evidently measured and collected the corn by *drona* measure. Elsewhere, we are told that at the time of famine, the villagers approached the headman for help saying, "Two months from now, when we have harvested the grain, we will pay your kind". The records of the Pallavas specifically mention that the contributions to state officials were paid in kind.

### 3.2 Tax in Cash

As against the contributions in kind, there is also copious data on the revenues in cash. As stated above, the Arthashastra fully testifies to cash payments to the treasury. *Sulka* (toll) was very likely paid in money and not in kind, for the same was levied on the total value of the commodity. The Hathigumpha inscription of Kharavela (2nd half of the 1st century B.C.) records that the king remitted taxes and duties amounting to many hundred thousand coins. The term '*karavana*' (Skt. *karapana* or *karapanya*) indicates that the tax was paid in money. Money endowments referred to in a large number of inscriptions of North and South India lead us reasonably to assume that the state received its revenues in cash.

The term '*sadeymeya*' occurring in the Karle Buddhist cave inscription of the time of king Pulumavi has been rendered by Dr. U. N. Ghoshal as 'with the taxes in kind and in cash imposed upon agricultural land'. A fiscal term *hiranya* frequently occurs in our sources, which points out to a tax in money. Besides, the Buddhist literature also refers to the state contributions in cash.

Thus from a perusal of above evidences, we may conclude that the contributions in cash and in kind were levied side by side in all parts of ancient India and this process was evidently convenient for the people. The state probably computed the total income accruing from each revenue district in cash. However, the share of agricultural land was largely paid in kind, a system which continued throughout the Muslim rule in India. Such share, we are told, was to be paid twice a year on autumn and spring crops.

## 4. Revenue Terms

Land formed the chief source of revenue in ancient India. The State's income was derived from private lands and royal domains. The most common revenue term was *Bhaga*. In the former case the term *sadbhaga* or *sadbhagam* or *sadbhagin* referred to in the early Dharmasutras, the Arthashastra, the Epic and the Smritis was used to denote the legitimate and regular share of the king in kind. One sixth was the normal legal share of the gross produce that could be claimed by the king and was generally approved by all our authorities. It was the customary and traditional rate, but not the only rate of tax universally fixed. Gautama who probably belonged to the pre-Maurya period prescribed three distinct rates,

viz., 1/6, 1/8 and 1/10. The commentator Haradatta takes these rates to apply to different types of lands. This shows quality of land was an important consideration in assessing land revenue. The word *bhaga* first occurs in the Arthashastra. Khirasvamin, the 12<sup>th</sup> century commentator of the Amarakosha also quotes the view of the Arthashastra to define *Bhaga* as the king's 1/6<sup>th</sup> share of produce. Apart from *bhaga*, there were other contributions paid by the cultivators. The occurrence of the term '*sakarukaro sadeyameyo*' i.e. taxes ordinary and extra ordinary with its income fixed or proportional' in the Karle Buddhist cave inscription of the time of Vasishthiputra Pulumavi bears witness to the existence of taxes other than *bhaga*.

#### 4.1 Bali

We have another tax known as *bali* right from the time of Rigveda which was a voluntary tribute to a king/chief. *Bhaga* and *Sulka* were added to it in the later Vedas. The nature of the *bali* however changed gradually from a voluntary tribute to a regular tax. In the period of the Brahmanas, *Bali* seems to have been known as a compulsory contribution payable by the subjects. It was basically a land tax. In the Junagadh rock inscription of Rudradaman (150CE) we have reference to three taxes i.e. *bhaga*, *bali* and *sulka* which is rightfully obtained (*yathavatpraptair*) by Rudradaman. Thus in this period *bali* was a regular and legal tax like *bhaga* and *sulka*. The record separately mentions *kara*, *vishti* and *pranaya* as emergency tax. On the other hand Milindapanho mentions *bali* as emergency tax from which the four chief ministers are declared free. However it is better to take *bali* as an extra cess along with *bhaga*.

#### 4.2 Kara

Another tax was *kara* whose meaning differed from text to text. As a fiscal term it appears to have been unknown to the earlier literature but in the Arthashastra and the law books it is of frequent occurrence. Manu and the Mahabharata tell us that the king was required to impose *kara* on the traders after having fully considered the rates of sale and purchase. It appears that *kara* was a periodical tax levied in the country. It was a distinct source of revenue from the country side. Epigraphic sources in particular indicate that *kara* was a general tax. In the land grants *akaradayi* denotes one who is exempt from tax in general. Some of the records bear expressions such as *sarvakarapariharaih*, *sarvakarasameta* and the like which may simply imply that *kara* comprised all taxes. The term *kara* is used indiscriminately in both general and specific sense in varying contexts and it is difficult to ascribe any definite meaning to it. We can say that it is some kind of land revenue.

#### 4.3 Vishti

*Vishti* is a forced contribution of labour which the people are supposed to render to the state. *Vishti* was generally imposed for works of public utility or warfare. Kautilya mentions that the state officials were required to maintain a proper account of *vishti* contributed by each household.

#### 4.4 Hiranya

Another term that frequently occurs in literary sources and inscriptions in the sense of some form of tax is *hiranya*. It implied cash payment. "*Hiranya*" literally means "gold" but

technically, it means King's share in certain crops which was paid in cash rather than in kind as "bhoga". We have reference to tax on certain agricultural products collected in cash. Since taxes on certain types of products were paid in cash, we may expect that *hiranya* was sometimes levied on commercial crops.

## 5. Case Study of the Mauryas

A case study of the Mauryas would show that the maintenance of the large army and an impressive number of salaried state functionaries would certainly require an enormous amount of resources. Asoka does not specify the actual rate of bhaga, but it must have been higher than the reduced rate of one eighth. The *bali* signifying a levy is known since the later Vedic times, but its rate is uncertain. The Greek accounts also inform us that the cultivators had to pay to the state a share of at least one fourth of the produce. It is only the Arthashastra that recommends an irrigation cess (*udakabhaga*) from cultivators, ranging from one fifth to one third, but no other contemporary source corroborates that the Maurya state actually imposed such a levy on the agriculturists. Megasthenes reports that commerce was closely supervised by officials and a levy of one tenth was collected from the merchant on sale proceeds. While agrarian revenue must have been the most important resource of the state, the Arthashastra enlists as many as 22 and twelve types of imposts, levies and demands available respectively from the urban area (*durga*) and mining operations (*khani*). He thus recognizes the significance of revenue collected from non-agrarian sectors.

Financial stringency is one of the most serious crises that a realm can face. Arthashastra proposes that the ruler should take recourse to extremely harsh measures to replenish the treasury during an emergency (*pranayakriya*). According to the text, the ruler should demand very high rate of taxes from peasants (*karshakas*), artisans (*karu*), animal breeders (*yoniposhakas*), merchants (*vaidehakas*) and even courtesans. The measures are so harsh that these can be applied only once during a particular reign and never twice.

## 6. Case Study of the Guptas

In the Gupta period too agriculture was the very basis of economy and thus an important source of revenue. The principal tax was bhaga or the share of produce. Two other revenue terms *kara* and *uparikara* are perhaps the principal and subsidiary tax. The tax called *udranga* is often taken to denote a tax on permanent subjects. The land grant of the Gupta period mention certain other terms like *halikakara*, *ditya*, *meya*, *tulyameya* and *dhanya*. Revenue terms like *dhanya* in western India and *halikakara* in central India must have meant imposts on agriculturists. The word *ditya* which occurs in the Surat plates of the Traikutaka king Vyaghrasena, literally means that which is to be given. The expression is *sarvadityavishtipariharena* meaning exemption from all dues and forced labour. This may mean that *ditya* denoted all taxes except forced labour and thus appears to have a wide connotation. The tax in cash was called *hiranya* which may have been realized from the non-agrarian sectors of the economy. The practice of imposing a levy on salt production continued in this period. The commercial sector yielded tolls and customs or *sulka*, the *saulkika* or the officer in charge of the collection of *sulka* figures in several inscriptions. Epigraphic materials strongly suggest that agricultural taxes were numerically superior to those from crafts and industries.

The charters of the Parivrajaks, the Uccakalpas, the Vakatakas and Sarabhapuriyas in the Central India, indicate different important revenue terms such as "Udranga", "Uparika", "bhoga-bhaga", "Kara", "hiranya", "dhanya", "klipta" and "upaklipta".

## 7. Exemptions from paying Tax

We learn from the Arthashastra that the state allowed remission of taxes for five years, if irrigation works such as tanks and lakes etc. were newly dug by enterprising people. Remission of taxes as a relief to cultivators during bad harvest is inculcated in the Arthashastra and the Mahabharata. The Buddhist literature also informs us that if crop failed, the peasant could rely on the state for remission or at least the postponement of his dues. According to Apastambha, women of all castes, students living with their teachers, Sudras, the blind, the dumb, the deaf and the diseased etc. were to be immune from taxation. Other law givers are also of the same opinion. Sulka and other trade dues were also exempted on certain classes of articles and persons. Some articles were to be free from taxation like those from presentation to the king, those for sacrificial and ceremonial purposes and those for confinement of women, investiture of sacred thread and gift of cows. Again the highly productive seeds which are difficult to obtain were allowed remission of *sulka*.

## 8. Concluding Remarks

In the early medieval period the cultivators are said to be oppressed and this oppression could easily take the shape of unbearable fiscal burdens imposed on peasants by both the ruler and the land lord. This possibility gained ground in the light of the frequent use of the term *pida* (*affliction*) as a synonym of revenue in copper-plates. On several occasions the copper-plates enlist the different heads of revenue bhaga, bhoga, kara, hiranya transferred to the donee. At the end of such a list frequently figures the term *adi* or *adikam* meaning that that one could add to the number of taxes mentioned. The Mauryan efforts at controlling economy, if any aimed at enriching the treasury by realizing the revenue yielding potentials in agriculture, crafts and trade. Resources gathered were mostly expended for the maintenance of the large army and the sizeable number of functionaries.