

## Kautilya on Consumer Protection

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**Abstract:** In this paper an attempt has been made to analyze the Kautilya's views on matters related to consumer protection. Kautilya suggests various policies that state should follow to protect its consumers. These policies are highly relevant to modern times also. Kautilya stressed on the importance of fair trade practices. He also laid down fines for adulteration and supply of goods of an inferior quality.

**Keywords:** Kautilya, Consumer Protection.

### INTRODUCTION

Consumer protection is the group of organizations and laws planned to guarantee the consumers' rights as well as accurate information, fair trade and competition in the marketplace. A consumer is the person who acquires goods and services for direct use or ownership rather than for resale. The main goal of consumer protection is the promotion of consumer welfare. Protection of consumers is accomplished by setting up minimum quality specifications and safety standards for goods and services, and establishing mechanisms to remedy their grievances. These laws are designed to check the traders which are engaged in fraud or specified unfair practices. They are a form of government regulation, the aim of which is to protect the consumer rights. For instance, businesses may be required, by a government, to make known the detailed information about their products. Consumer protection is related to the scheme of consumer rights, and to the development of consumer organizations. They help consumers in making better choices of goods and getting help with consumer complaints. Government agencies and self-regulating business are the other organizations that promote consumer protection. Consumer welfare can also be protected by promoting market competition which serves consumers, reliable with economic efficiency. Consumer protection can also be protected through NGOs consumer activism. The consumer interest group in India is not a new phenomenon. It is as old as trade and commerce. In Kautilya's *Arthashastra*, there are several references to the concept of consumer protection against exploitation by the trader and retailer with respect to quality, measurement, short weight and adulteration of goods.

- To examine the philosophy of Kautilya on consumer protection.
- To take lessons from his philosophy.

### RESEARCH METHODOLOGY

This paper is based on the Content Analysis methodology. It is also called as textual analysis. It is a standard methodology in the social sciences on the subject of communication content. Content analysis is a technique for gathering and analyzing the contents of the text. The contents can be words, paragraphs, phrases, sentences, symbols, pictures, or ideas. In the present paper, several books, articles and websites have been referred by the researcher.

### CONSUMER PROTECTION IN KAUTILYA'S ARTHASHASTRA

Kautilya was the great thinker, mastermind and the president of Chandergupta Maurya. He wrote a treatise namely *Arthashastra* during 300 B.C. *Arthashastra* is considered to be a valuable treatise and an outstanding source. It describes various theories of statecraft, and the rights and duties of subjects in ancient times [4]. *Arthashastra* prescribes the political, social and economic conditions of ancient India. Though its chief concern is with matters of practical administration, yet consumer protection occupies an important place in *Arthashastra*. The policy of consumer protection is apparent in the *Arthashastra*. It describes the role of state in regulating trade practices and its duty to avert crimes against consumers. Kautilya says that-

Prajasukhe sukham rajha prajanam ch hite  
hitem.

Natmpriyam hitm rajha prajanam tu priyam  
hitem.

### OBJECTIVES OF THE STUDY

iztklq[ks lq[ka jkK% iztkuka Pk fgRks fgRke~ A  
ukRefiz;a fgRka jkK% iztkuka rq fiz;a fgRke~ AA  
(1.19.34) [1].

Kautilya says that in the happiness of the subjects lays the happiness of the king and in what is beneficial to the subjects his own benefit. What is dear to him is not beneficial to the king, but what is dear to the subjects beneficial to him. Thus the top most priority was given to the welfare of people. An essential aspect of the welfare of the population was the protection of the interests of the consumers. Kautilya's *Arthashastra* effectively dealt with various consumer matters, many of which are of great concern in modern legal systems also. Kautilya also mentioned the ethical trade practices. He set a code of conduct to traders and specified punishments to those who committed certain crimes against buyers. During ancient period, in which Kautilya lived, the state (king) had the authority to take away the whole property of a trader in the following cases:

- If there is a monopoly of king over the exported goods.
  - If the export of the goods was prohibited.
- During Kautilya's time consumer protection can be explained with the help of following points:-

#### State Intervention

Since ancient times, in India, it is the primary duty of the state to protect its consumers. At that time, there was a director of trade. The primary responsibility of him was to keep an eye on the market situations so that consumer could be protected from unfair trade practices. He was also in charge for fair trade practices. Kautilya said that the director of trade should be required to be aware with the differences in the prices of all commodities and the popularity and unpopularity of different goods, whether they produced on land or in water, whether they imported or domestically produced. Kautilya said that he should also be acquainted with appropriate times for resorting to dispersal or concentration, purchase or sale.

#### Price Fixation and Control

There was a mechanism to control prices and punish wrongdoers. The king fixed the rates for the purchase and sale of all marketable goods. There was no possibility of price discrimination because the traders were required to sell royal goods in many places with the fixed price. Prices of goods were fixed by the superintendent of commerce in accordance with demand and supply conditions. He fixed the prices of goods by taking into consideration the investment, quantity, taxes, interest, rent and other expenses. Traders did not have the right to alter it. There was a provision of fine of fifty four *panas* if the price increase

was trifling, double, if the increase was one *pana*; two hundred *panas* if the increase was two *panas* and so on. If through fear of a rival purchaser a trader increased the price beyond the due price of a commodity, the king received the increase in price, or made the amount of duty double. To quote *Arthashastra*-

Pratiketribhayadva panymulyaadupari mulym  
vardhyato mulyavidhm raja hret, dvigunam va shulkam  
kuryat.  
izfrdsr`Hk;k}k i.;ewY;knqifj ewY;a o/kZ;rks ewY;o`f)a  
jtkk gjsr~]  
f}xq.ka ok 'kqYda dq;kZr~ A  
(2.21.13) [1].

Speculation and cornering were prohibited so that prices could not be influenced. Kautilya says that merchants who conspire together to prevent the sale of merchandise or sell or purchase commodities at higher prices shall be fined 1000 *panas*. In this way, the state bore a serious responsibility for protecting the public from unfair prices and fraudulent transactions.

#### Weights and Measures

In *Arthashastra* several procedures are prescribed to maintain official standards of weights and measures. The superintendent of standardization was responsible for the establishment of factories to manufacture the standard weights and measures. All measures were purchased from the superintendent of standardization[2]. It was called authorized purchase of weighing balances and weights. In case of unauthorized purchase a fine of twelve *panas* was imposed. Kautilya also said that the superintendent should cause a stamping of the weights and measures to be made every four months. Twenty seven *panas* and a quarter was the penalty for unstamped weights. Thus, there was a procedure to examine all weights and measures in every four months. The results of these inspections were duly noted. To quote-

Pautvadyakshyh pautvkarmantan karyet.  
Chturmasikam prativedhinik karyet.  
Apratibidhsyaatyayah spadh sapt- vinsatipanh.

ikSrok/;{k% ikSrodekZURku~ dkj;sr~A  
prqek±flda izkfrosf/kfuad dkj;sr~A  
vizfrfc)L;kR;,% Likn% llr&foa'kfri.k%A  
(2.19.1, 40, 41) [1].

This was a proper way to prevent the duplicity of measures. Duplicate measures were those having magnet, easily bending arms, split top, false neck, bad strings, bad cups, or given to fluctuation. The superintendent of market was responsible to examine the weights and measures because of fraud in the standard of weights and measures. If there was any

diminution in weight owing to the use of a false balance, fine should be eight times the diminution. These fines were doubled for the traders, purchasing with heavier weights and measures, and selling them with lighter ones. Thus cheating consumers by using sub-standard weights and measures was declared as an offence. Punishments were fixed according to the seriousness of the offence.

### Ceiling on Profits

There was a certain profit on various commodities which was prescribed by the state. If traders gain a higher profit it was considered as an offence. In *Arthashastra*, it has been said that-

Sthulamapi ch labham prajanamopghatikam varyet.

LFkwyefi p ykHka iztkukekSi?kkfrda okj;sr~AA  
(2.16.6) [1].

Thus the director of trade was advised to avoid even a big profit from the sale of a good if it was harmful to the subjects [2]. The superintendent of commerce fixed the wholesale prices of goods when they entered the customs house. He allowed a margin of profit to fix retail prices. It is also prescribed in *Arthashastra* that how much to pay the merchants, artisans, craftsmen and goldsmiths. About them kautilya said that merchants, artisans, craftsmen, nomadic mendicants, entertainers and similar persons are all thieves. So they should be prevented from harassing the people [7]. It also listed wages to be paid for metal workers and builders.

### Sale of Goods

It appears from *Arthashastra* that good trade practices were prevailing in ancient India. For example, it was not allowed to sell goods at the place of their origin [2]. These were sold in specified markets. To quote-

LoHkwfetkuka jkti.;kukesdeq[ka O;ogkja LFkki;r~]  
ijHkwfetkukeusdeq[ke~A  
mHk;a p iztkukeuqxzgs.k fo=ki;sr~A  
vtL=i.;kuka dkyksijks/ka ladqynks"ka ok uksRikn;sr~A

(2.16.4, 5, 7) [1].

A license to sell goods was required for every trader. Foreign traders had required to obtain permission for selling goods. Goods were sold in such a way that consumers had easy access to them. Domestically produced goods were sold in a particular market and imported commodities were sold in many places. But both types of goods were sold by keeping in mind the favour of subjects. Foreign goods were sold in many centers probably to make them easily available for the people [6]. Sale of injurious goods was prohibited. This shows the awareness of the state about

consumer welfare. Balance between demand and supply was also considered in mind. The director of trade had the responsibility not to create a restriction as to time or the evil of a glut in the market in the case of commodities which are constantly in demand. According to Kautilya, the sale of goods should be made by weighing, measuring or counting; an appraisal of value should be made of goods of small value and goods enjoying concessions. In this way, there was a systematic way of selling the goods.

### Control on Traders

There was strict control on the activities of traders. The trades were prohibited to do unfair trade practice. To quote-

Shulkbhyatpanyapramanm mulyam va heenm  
bruvtastdiriktm raja hret. Shulkmastgunam va dadyt.

'kqYdHk;kRi.;izek.ka ewY;a ok ghua czqorLrnfrjDra  
jtkk gjsr~ A

'kqYde"Vxq.ka ok n|kr~ A

(2.21.10, 11) [1].

According to Kautilya, traders unite together could raise or lower the prices of goods and live by making extra profit. So, traders were required to declare the quantity, quality and price of the goods. Several punishments were prescribed for different types of immoral practices. For example, if for fear of duty a trader declared the quantity of the goods or price to be less than it actually was, the king should confiscate the excess amount. Or, the trader shall pay eight times the duty. The same penalty was imposed in case of depreciation of price of a package containing goods by showing a sample of lower value and in case of concealment of goods of high value by goods of low value. Thus the consumer was protected by the state in various ways. He had the knowledge of almost all types of the goods in the market as declared by the traders. Goods intended for religious and some specific purposes were duty free [5]. The state (king) was responsible to cut out the trade of goods that were harmful to the country and that are insignificant. The goods that are highly beneficial and rare were made duty-free as mentioned in the second book. It clears from the following *sloka* –

Rastrpeedakrm bhandamuchindyadphalm ch  
yet.

Mahopkarmuchshulkm kuryadvijm ch  
durlabham.

jk"V"ihMkdja Hkk.MeqfPNU|knQya p ;r~ A  
egksidkjqePNqYda dq;kZ}hta p nqyZHke~AA

(2.21.31) [1].

Along with consumers, the rights of the traders were also considered in mind. They were also well protected. Kautilya said that if after purchasing an

article one does not receive it, the fine was twelve *panas*. But this was not in case of defect, a sudden calamity or unsuitability.

### Access to Justice

It appears from *Arthashastra* that consumers had the easy access to justice. It was considered of great significance. The king had the vital power to make justice. Kautilya mentioned that the king should hear the complaints of the people in the second part of the day. There were mobile and circuit courts which worked at night at the time of necessity. They also worked on holidays in case of emergency. The king was mainly in charge for administering the justice. Everyone could approach the court for justice. Different set of courts were also prevalent at that time. This court system was well organized. The two different benches were there, comprising magistrates, and judges to undertake various civil and criminal cases. In civil cases, the judges themselves were empowered to take cognizance of the cases of needy persons who could not come up to the court like, ascetics, women, minors, old, sick and helpless people. In this way, giving justice was regarded as one of the important duties of the kings. Proper care was taken to make sure that justice was easily reached to all. In reality, this emphasis on justice for all people remains a keystone of Indian legal system also.

### Miscellaneous

Like these days, in ancient times also, adulteration of food products was strictly prohibited. Authorized persons alone should collect the foodgrains and other similar merchandise[3]. Collection of these things without permission should be confiscated by the superintendent of commerce. There were several punishments for adulteration and smuggling of products. Health of the people was protected by punishing the adulteration of products of various kinds, including grains, oils, salt, scents and medicines. Consumer was protected in health sector also. Doctors were required to inform the authorities before undertaking any treatment which may involve danger to the life of the patient. If as a result of the treatment, patient died or physically deformed, the doctor was punished.

### CONCLUSION

In brief, to safeguard the interest of the consumers Kautilya has specifically framed some laws which are highly relevant these days also. One can see the deep similarities between the consumer protection during Kautilya's time period and the governance that we are being promised today. In India, the major law for governing consumer protection is the Consumer Protection Act of 1986. 24<sup>th</sup> December is celebrated as National Consumer Rights Day, in India, as the

Consumer Protection Act, 1986 was enacted on that day. Most of the objectives of the government are the same as were mentioned by Kautilya in his *Arthashastra*. All these measures show the effectiveness of ancient society in protecting the consumers. In Kautilya's *Arthashastra*, there are references to the concept of consumer protection against exploitation by the trade and retailer with respect to quality, short weight, measurement and adulteration of goods. In brief, Kautilya realized that the major responsibility of the state was to ensure that the consumers should not be violated. The modern government also tries to follow the same path for consumer awareness and protection. It is widely acknowledged that the level of consumer awareness and protection is a true indicator of development of the country and progressiveness of civil society. The main reason for this is the rapidly increasing variety of goods and services which modern technology has made available. In addition, the growing size and complexity of production and distribution systems, the high level of sophistication in marketing and selling practices and in advertising and other forms of promotion, mass marketing methods and consumers' increased mobility resulting in reduction of personal interaction between buyers and sellers, have contributed to the increased need for consumer protection. Thus it can be said that Kautilya summarizes all aspects of consumer protection as we pursue or study today. The interests of the consumers were always considered in mind by him. Hence, we can say that Kautilya truly believed in the phrase "consumer is the king".

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