

APPLICATION & RELEVANCE OF ARTHSHAstra FOR MICRO, SMALL & MEDIUM ENTERPRISES

Venkatesh K Iyengar

Student of M A- Leadership Science, Chanakya International Institute of Leadership Studies
University of Mumbai, Maharashtra, Mumbai, India

Abstract

The paper highlights and relates the Arthshashtra to the modern day MSME's. It attempts to establish a relevance of Arthshashtra for today's MSME's. It highlights the key challenges faced by today's MSME's. The paper explain the MSME sector in India, its size and numbers, key factors and attributes of SME's. It also details the key challenges of SME organizations. The research paper also explains the connect and need of exploring ancient texts for building a strong foundation of self and business for the SME organizations which would lead to ultimate success and prosperity for the organization. It attempts to explain few among the many aspects of the applications of the learnings of Arthshashtra for the SME organizations.

Introduction

The *Arthshashtra* (4th Century B.C) is treatise on political economy which was written by Kautilya in the ancient India. Kautilya was also known as Chanakya and Visnugupta and he was the prime minister and adviser for Emperor Chandragupta Maurya, who was the contemporary of Alexander the Great.

Chanakya or Kautilya was a very learned scholar at the Takshashila University, an ancient Hindu university, located in present in Pakistan. He had mastery over political science, economics, accounting, and governance, and he was the driving force behind the creation of the Maurya dynasty. He is India's most illustrious political economist of all time. He was a true statesman who bridged the gap between experience and vision.

The Arthshashtra has many principles and techniques that once applied can prove a tremendous improvement It was written around 300 B.C. The *Arthshashtra* written by Kautilya is often compared to Machiavelli's *The Prince* (15th century A.D), as it shares many common philosophical and practical views. Kautilya wrote this Arthshashtra for his king Chandragupta Maurya and stated in its introduction that it has been written as a guide for "those who govern". Apart from Arthshashtra, Kautilya wrote several other books such as Chanakya-Sutras (Rules of Science) and Chanakya-Rajanitisastra (Science of Government Policies).

The *Arthshashtra* contains 150 chapters, which are classified by topic in 15 books, which covers three parts namely; national security issues, administration of justice and economic development policies. The book deals with economics, administration, political leadership ideas, ecology and various other topics.

For Chanakya, good governance and strategic leadership was paramount. He was well-versed with the characteristics of bureaucrats and statesmen and laid down rules to prevent misuse of power. He emphasized the importance of accounting methods in economic enterprises to properly measure economic performance. He explained that no number of rules and regulations or auditing can prevent unethical behaviour and that character-building and action-oriented ethical values were essential.

Objective

The paper highlights and relates the Arthshashtra to the modern day MSME's. It highlights the key challenges faced by today's MSME's, and addresses them through the age-old learnings from Arthshashtra.

The layout of the paper is as below

- I. MSME's, their size, definition its relevance to Indian business environment.
- II. Key challenges faced by MSME's
- III. Key learnings from Arthshashtra
- IV. How is the Govt of India supporting the MSME's in relevance to Arthshashtra's learnings.

V. Further recommendations of study of Chanakya's learnings for MSME's

VI. Conclusion

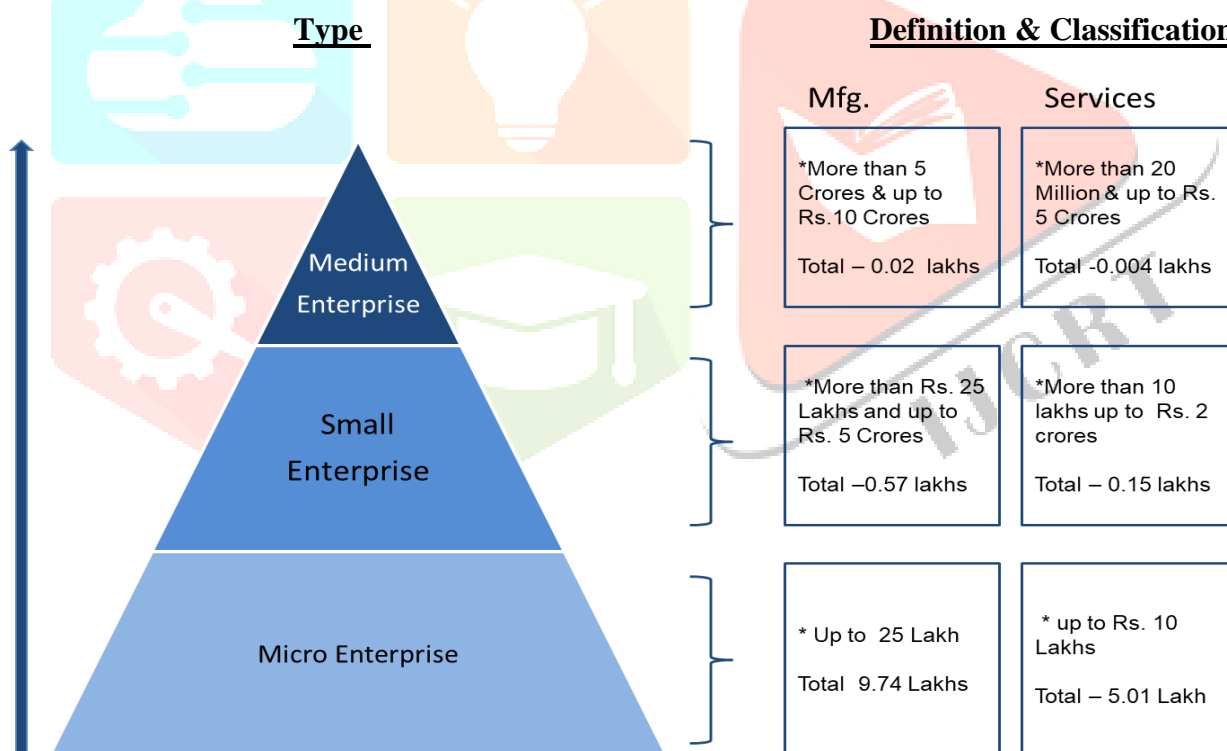
I. MSME's

India is expected to emerge as one of the leading economies in the world over the next decade in the light of a positive political and economic scenario. The Micro, Small & Medium Enterprises (MSME) segment is expected to play a significant role in the emergence of the Indian economy.

A holistic approach is being envisaged by building key foundations for strong MSME backbone for the Indian economy. The development of this segment is extremely critical to meet the national imperatives of financial inclusion and generation of significant levels of employment across urban, urban and rural areas across the country. Further, it can nurture and support development of new age entrepreneurs who have the potential to create globally competitive businesses from India.

MSME's constitute almost 70- 80% of the total business units in India. They play a crucial role as the backbone in the development and sustainable growth of emerging & developed economy. According to the global reports small & medium enterprises around the world are estimated to account for almost 90% of all enterprises and 50 to 60% of the total employment in the world. With close to around 28.5 Lakhs overall registered and unregistered MSME units, the sector is a driving force for long term growth of the Indian economy.

Today, there are over 15.52 Lakhs registered MSME, of which two thirds are involved in manufacturing /assembling / processing activities. The remaining contribution is equally shared between repair maintenance and services. Forecast suggests there will be an increase MSME contribution from current 8 per cent to 15 per cent by the year 2020.



* Classification is done on the basis investment in Plant/ Machinery & equipment Source :- SME White Book 2010-11

II. Key challenges for MSME's

a. Poor management and leadership

- Entrepreneurs may have great ideas but this does not always equate to good management or leadership. Most small businesses and start-ups do not have a proper mission statement, goals or business plan. An ineffective management can lead to poor morale, lack of focus on key deliverables and reduced productivity. The key components of Management & Leadership are a crystal-clear Vision, a well-articulated Mission & an effective Human Resource planning.

b. Lack of a Business Planning

- A lack of business plan indicates organization lack planning leading to many shortcomings in the decision-making process. Lack of business plan can lead to losses and business failure. The key components of any business plan are: -
 - a. Financial objectives & Financial forecasts (income statement, balance sheet, cash flow forecast, capital requirements, working capital)
 - b. Competitor analysis including pricing
 - c. Sales and marketing strategies
 - d. Understanding the market

c. Failure to track finances & lack of Internal controls

- Business owners will often focus all their early efforts on developing and selling their products and services whilst failing to track spend. Accounting is often seen as a chore when in actual fact it should be the basis for running any effective business venture. Small business owners tend to often forget the importance of internal controls. Having strong internal controls include setting up a good accounting system, installing checks and balances and ensuring that any financial wrongdoing is quickly stopped.
- A survey reports that more than 70% of all small businesses have been subject to employee fraud due to lack of internal controls. Therefore, the entrepreneur must setup a regular system of audits, reviews and processes to avoid any fraud or leakage.

d. Lack of Expertise

- No MSME, however capable, can have expertise in all areas. To be an effective business man, an entrepreneur must be capable of building a strong team with good expertise in key areas critical to business success.
- Key areas for a business could include marketing, sales, finance, purchase, production, human resources and staff management. Entrepreneurs must identify such critical areas for their business and appoint capable persons to manage those.

e. Competition (and failure to understand the competition)

- An MSME may not always develop products and services which are new to markets or consumers thus it has it will have competition. A failure to understand competition (and their products and pricing) will impact the business model and bottom line.
- As part of your business plan, it is pertinent to prepare a competitor analysis detailing their products/services and pricing. Having prepared your competitor analysis, it is good practice to update it at regular intervals to ensure it remains relevant. The competitor analysis is meticulous process which unfortunately, MSME's only look from a broad level.

III. Key learnings from Arthshashtra

In his *Arthshashtra*, Kautilya takes an inside-out approach to management, which is self-management first before management of every other thing. He advised the future organizational managers and leaders to firstly conquer the enemies within such as desires, anger, greed, arrogance, infatuation, envy, pride or ego and foolhardiness, as it is often said that one who conquers the self, conquers all.

In addition to the self-management, Kautilya's *Arthshashtra* through his 6000 sutras details about duties of leader, the seven pillars of organization, roles and responsibilities of leaders, how to manage and administer organizations, how to building and manage alliances, internally & externally through models like Raja Mandala theory and finally various marketing & business strategies, on how to manage competition through innovative, cunning and strategic methods.

The Kautilya's *Arthshashtra* deals with different aspects management which includes strategic management, financial management, accounting, human resource management, corporate governance, social responsibility, etc.

The first five (5) Kautilya's *sutras* (aphorisms) itself provides relevance on the foundations of management in organizations as follows: -

- a. *Sukhasya mulam dharmah* – the basis of happiness is righteousness or ethics
- b. *Dharmasya mulam arthah* – the basis of righteousness or ethics is resources
- c. *Arthasya mulam rajyam* – the basis of resources is kingdom (organization or enterprise)
- d. *Rajyamulam indriyajayah* – organization or enterprise is rooted in conquering the senses

- e. Indriyajayasya mulam vinayah – conquering organs is rooted in training and discipline

The above five *sutras* (aphorisms) although written in a different context, a careful analysis and interpretation reveals basic lessons in foundations of management. In these *sutras*, Kautilya analyses the entire management issues in following ways. Let us look at an application of these *sutras* in the SME perspective: - A single most objective for any SME is to generate wealth (*artha*) and to earn profits. The purpose wealth and profits are to share amongst the shareholders, which in turn ensures that all shareholders employees, customers, suppliers, distributors and government are happy.

However, Chanakya states happiness is obtained not only by wealth and profit but also significantly by doing things rightly and doing right things (*Sukhasya mulam dharma*). *Dharma* without wealth according to Kautilya is toothless (*Dharmasya mulam artha*), and wealth without *dharma* is useless because a poor person cannot support the entire society. Indian culture has always emphasized that *Sukhasya mulam dharma* and *Dharmasya mulam artha* taken together – namely wealth does not lead to directly happiness. Happiness for self and others results through ethical behaviour: wealth or resources make ethical behaviour possible. This also means that one must strive to generate wealth – resources, money –share it equitably to create happiness for oneself and others. Such generation of wealth must also be through ethical means, which alone would lead to overall happiness

Kautilya further stated to generate wealth you require an enterprise or an organization or an asset (*Arthasya mulam rajyam*). He then stated the support for organization is the organs (*rajyasya mulam indriyajayah*), the functions, processes, activities, etc. The victory over organs of the body, which is the literal meaning of the word *indriyajayah*, is a well-known concept in the Indian culture and this refers to the control over the five organs of sense (eyes, ears, tongue, nose, and skin), an on five organs of action (hands, feet, mouth, genitals, and anus). Conquering the body organs are manifested through control over the six enemies of the mind – desires (*kama*), anger (*krodha*), greed (*lobha*), arrogance (*mada*), infatuation (*moha*), envy (*matsara*).

Thus, an MSME, who has conquered the organs of his body would be able to put the goals of the organization first, especially when in conflict with self-interest Kautilya also maintained that a leader (king) should have no self-interest, happiness and joy for himself, his satisfaction lies in the welfare (happiness) of his people, i.e. he has to submerge his personality into the larger personality of his people. Kautilya states in the happiness of his subject lies the happiness of the king; and in their welfare, lies his welfare. He shall not consider as good only that which pleases him but treat as beneficial to him, whatever pleases his subjects

(Prajasukhe sukham rajnah, Prajanam cha hite hitam; Natmapriyam hitam rajnah, Prajanam tu priyam hitam) or the welfare of the many and the happiness of the many (Bahujana sukhaya bahujana hitayacha).

The Arthshashtra deals with the following topics which are utmost essential and relevant for today's MSME's.

- Principles of Management & Management Education
- Human Resources & Leadership Skills
- Contracts & Selection of Employees
- Corporate Governance & Audits
- Financial & Accounting systems
- Handling competition & Expansion of Territory, etc

The subject is vast and enormous and hence in this research paper we shall look into the first two critical and essential topics which are Principle of management & Management Education and Human resources & Leadership skills

a. Principles of Management & Management Education

Core values, purpose, mission, vision, and commitment form the foundation of every organization. Great organizations are built by great leaders and strong teams who work relentlessly to strengthen and preserve this foundation. For this to happen, MSME's owners must demonstrate strong leadership skills. To ensure a strong management & leadership, the MSME owner and his team needs to be committed to the organization's core values, purpose, mission, and vision.

Kautilya explains in his Arthshashtra aptly as "Vision" which is also the (*Prabhu Shakti*), Mission known as (*Mantra Shakti*), and Motivation (*Utsah Shakti*). A successful MSME focusses on the following leadership requirements, organizational strategies & human dimensions

Vision:

Vision defines the desired or intended future state of an organization or enterprise in terms of its primary objective and/or strategic direction. Vision is a long-term view, sometimes describing how the organization would like the world in which it operates to be.

For example, an organisation working with the hungry may have a vision statement which read "A world without hunger". It is sometimes called a picture of your company in the future. Your vision statement is your inspiration, the framework for all your strategic planning.

"Where do we want to go?"

Mission:

Mission defines the fundamental purpose of an organization or an enterprise, basically describing why it exists and what it does to achieve its Vision. Mission may be long term as well as for short term for any organisation. A corporate mission can last for many years, or for the life of the organization or may change as per the demand of the organisation mission varies. It is an objective with a timeline, but rather the overall goal that is accomplished over the years as objectives are achieved that are aligned with the corporate mission.

Values

Beliefs that are shared among the stakeholders of an organization is perceived as a common body or pool of thoughts and ideas collectively known as Values. Values drive an organization's culture and priorities. One advantage of having a statement is that it creates value for those who are exposed to the statement, and those prospects are managers, employees and sometimes even customers-for whom it acts as a compass. Statements create a sense of direction and opportunity. The Vision and Mission statements are an essential part of the strategy-making process.

In our practice, we come across SME's mistaking vision statement for mission statement, and sometimes one is simply used as a longer-term version of the other. The Vision should describe why it is important to achieve the Mission. And they are distinct and clearly distinguishable.

A mission statement can resemble a vision statement in some businesses, but that can create serious problems as it can confuse people. The mission statement can galvanize the people to achieve defined objectives, even if they are stretch objectives. A mission statement provides a path to realize the vision in line with its values. These statements have a direct bearing on the bottom line and success of the organization.

Which comes first? The mission statement or the vision statement?

If you have a new start up business, a new program or a plan to direct your current services to new markets or new geographies, then the vision will guide the mission statement and the rest of the strategic plan. However, if you have an established business where the mission is established, then, it may so happen that, the mission guides the vision statement and the rest of the strategic plan.

Either way, you need to know your fundamental purpose - the mission, your current situation in terms of internal resources and capabilities (strengths and/or weaknesses) and external conditions (opportunities and/or threats), and where you want to go - the vision for the future. It's important that you keep the end or desired result in sight from the start.

Features of an effective vision statement include:

- Vivid and clear picture
- Realistic aspirations
- Clarity and lack of ambiguity
- Description of a bright future
- Memorable and engaging wording
- Alignment with organizational values and culture

To become truly effective, SME's vision statement must become assimilated into the organization's culture. It is the responsibility of the leaders of communicating the vision regularly, acting as role-models by embodying the vision, creating short-term objectives compatible with the vision, and encouraging all employees to make and align their own personal vision compatible with the enterprise's vision. It is usually advised that mission statements need to be subjected to an internal assessment and an external assessment. The internal assessment would focus on how members inside the

organization interpret their mission statement. The external assessment — which includes the businesses stakeholders — is valuable

b. Human Resource Management

One of the most important aspects of Kautilya's management is his theories on managing Human Resources. Arthshashtra boasts of having a well-defined Human Resource Management structure written around 2400 years ago. Human resource is a term used to describe the individuals who comprise the workforce of an organization, Human resources are also the name of the function within an organization charged with the overall responsibility for implementing strategies and policies relating to the management of individuals (i.e. the human resources). Human Resources may set strategies and develop policies, standards, systems, and processes that implement these strategies in a whole range of areas. Some of the key activities are: -

- I. Developing & building leadership skills
- II. Recruitment and selection.
- III. Organizational design and development.
- IV. Business transformation and change management.
- V. Performance, conduct and behaviour management.
- VI. Industrial and employee relations.
- VII. Human resources (workforce) analysis and workforce personnel & data management.
- VIII. Compensation, rewards, and benefits management.
- IX. Training and development (learning management).

Implementation of such policies, processes or standards may be directly managed by the HR function itself, or the function may indirectly supervise the implementation of such activities by managers, other business functions or via third-party external partner organizations. The leader's primary goal according to Arthshashtra is to fulfil the philosophy of the organization. In the words of Kautilya, thus the king or the business leader was a constitutionalist who promoted the people's or employee's welfare at all times, in all places and at all costs.

"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 the king is not beneficial to him, but what is dear to the subjects is beneficial to him" - Book 1, Chapter 19, Verse 34. (Kangle RP Part -II Page 47)

The most important aspect of Human resource management is identifying and build a design / structure to an organization. This very aptly explained by Chanakya in his Sapatanga Model.

The king, the minister, the country, the fortified city, the treasury, the army and the ally are the constituent's elements of the state- Book 6, Chapter1, Verse 1 (Kangle RP Part -II Page-314)

This is also known as the Sapatanga model's or the seven pillars of business.

- SWAMI – The King (The Leader)- The MSME owner/ MD / CEO of the organization
- AMATYA - The Minister (The Manager)- The COO of the MSME establishment
- JANAPADA - The Country (Your Market)- The market where the MSME operates.
- DURGA - The Fortified City (Infrastructure)- The Office / Business locations of the MSME.
- KOSHA - The Treasury (Finance)- The finance management
- DANDA – The Army (Your Team)- The employees
- MITRA - The Ally (Mentor)- the mentor, consultant's, well-wishers of the MSME business

c. Leadership Values.

We shall explore and highlight the key leadership traits and values an MSME leader must possess and develop for ensuring happiness to his employees internal and external. In order to achieve the primary goal of the organization, Kautilya insisted on a leader who needs to be virtuous.

"Born in a high family, endowed with good fortune, intelligence and spirit, given to seeing elders, pious, truthful in speech, not breaking his promise, grateful, liberal, of great energy, not dilatory, with weak neighbouring princes, resolute, not having a mean council of ministers, desirous of trainings- these are the qualities of an easily approachable"- Book 6, Chapter 1, Verse 3 Kangle RP Part -II – page -314)

Kautilya thus gives a list of values the leader has to possess which among others include:

- (a) Piety; (b) Truthfulness; (c) Reliability; (d) Gratefulness; (e) Liberality; (f) Promptness; (g) Freedom from vices; (h) Long term vision; (i) Conduct in conformity with the advice of elders.

Kautilya further goes on to enumerate the benefits of a righteous leader. These include: The king should avoid even a big profit that would be injurious to the subjects.

- **Personal benefits:** A king who adheres to his special duties finds joy in this life. Further, the king who protects the subjects according to law earns spiritual merit.
- **Social benefits:** The righteous leader establishes an administration which leads to social benefits. Administration when rooted in the self-discipline (of the leader) brings security and wellbeing to all living beings. Such an administration endows the subjects with spiritual wellbeing, material wellbeing and happiness
- **Management by example:** A righteous leader sets an example for other members of the organization. When the king is active the servants become active following his example. If he is remiss they too become remiss along with him.

“When the King is active, the servants become active following his example. If he remiss, they too become remiss along with him. And they consume his works moreover he is overreached by enemies, therefore he should himself be energetically active”- Book1, Chapter 19, Verse 1-5 Kangle RP Part -II – page -45)

- **Loyalty of dependent members:** A righteous leader gains the loyalty and love of dependent members. "The subjects' help the king who behaves justly but suffering from. Further, "a king endowed with personal qualities endows with excellence the constituent elements not so endowed" for "whatever character the king has, that character the constituents come to have, being dependent on him in the matter of energetic activity and remissness". a serious calamity" and "subjects support in every way the weak but just king when attacked". Further "any king attacking a righteous king is hated by his own people and by others".
- **Attraction of right talent and support:** A righteous leader not only passes on his qualities to others, but also attracts right talent to further his mission. Kautilya while advising an aspirant to ministership tells that "he should seek service with a king endowed with personal excellences"
- **Effects of an unrighteous leader:** According to Kautilya, an unrighteous leader not only ruins himself but ruins all his constituent elements
- **Making of a leader:** Because a righteous leader is so important, Kautilya gave a lot of emphasis on the training of such a leader. Some of the methods of value training included:
 - a. Study of scriptures
 - b. Association with elders
 - c. Advice of ministers
 - d. Formal instructions

The main areas of training in values included are self-control & removal of vices and developing a good character specific guideline regarding the making of a good leader are given throughout the Arthshashtra. These include:

- Study of philosophy confers benefit on the people, keeps the mind steady in adversity and prosperity and brings about proficiency in thought, speech and action.

“Philosophy is the ever thought of as lamp of all science's as the means of all actions and as the support of all laws and duties”-Book 1, Chapter 2, Verse 12 Kangle RP Part -II – page -17)

- The MSME leader / Owners should constantly engage with seniors, mentors and elders for the welfare of his business thus enhancing his business through their experiences

The king, the minister, the country, the fortified city, the treasury, the army and the ally are the constituent's elements of the state- Book 6, Chapter1, Verse 1 (Kangle RP Part -II Page-314)

- The MSME leader should have control over his senses and he should eliminate these six enemies which are lust, anger, greed, pride, arrogance & foolhardiness. If the Leader according to Chanakya falls prey to any of these he is sure in for destruction and end.

“Control over the senses, which is motivated by training in the sciences, should be secured by giving up the six vices (lust, greed, infatuation, pride, jealousy and foolhardiness). Absence of improper sense indulgence in the pleasures of sound, touch, colour, taste and smell by the senses of hearing, touch and sight the tongue and the sense

of smell, means control over the senses: or the practise of this science gives such control. For, the whole of this science means control over the senses”-Book 1, Chapter 6, Verse 1- 3 (Kangle RP Part -II – page -12)

- The MSME Leader should build a strong team and should periodically consult and seek inputs from them. He should constantly delegate power to them and ensure they give him proper and apt advice on every aspect of business. He should appoint able ministers who shall caution the leader during harmful situations and prevent the leader from taking wrong decisions.

“The king should set the preceptors or ministers as the bounds of proper conduct for himself, who should restrain him from occasions of harm or when the king is erring in private, should prick him with the goad in the form of (the indication of time for the performance of his regular duties by means of the shadow (of the gnomon or the Nallika (water clock). Rulership can be successfully carried out only with the help of associates. One wheel does not turn. Therefore, he should appoint ministers and listen to their opinion”- Book 1, Chapter 7 Verse 8-9 – (Kangle RP Part -II – page -14)

IV. How is the Govt of India supporting the MSME’s in relevance to Arthshashtra’s learnings.

The government of India has been a key driver to promote and implement the Chanakya’s Arthshashtra not only for a good governance but also for the benefits of SME business.

1) Build Infrastructure

Infrastructure: Build national, regional and sector specific clusters and business centres for MSME in PPP model for state of the art infrastructure comprising physical infra, knowledge infra, e-platforms, B2B access and technology and innovation support for MSME.

2) Effective new policy making and redefining old policies for ensuring fair and transparent business

“Come Make in India” is critical to promote an ecosystem for ‘Make in India’ for foreign companies to invest in manufacturing, service and agricultural and agri processing related segments for meeting the domestic as well as global demand. Digital India is mandatory to promote MSMEs’ manufacturing and service capabilities in the ICT sector in line with the government vision.

3) Taxation, Tax Incentives & rebates

Performance incentives :-Direct incentives in form for direct taxes rebates and set offs, weighted deductions and reliefs in indirect taxes combined with low cost funding and credit access for stakeholders in MSME eco system who make investments in desired areas and achievement of desired growth results in developing MSME funding and infrastructure skills, technology, innovation, global market access, indigenization, public procurement and vendor development, traditional and heritage industry developments.

4) Regulatory & tax

One “all India all-purpose” enactment as MSME regulation to be adopted by all stakeholders in MSME system with one window and one annual return compliance filing coupled with significant direct tax incentives and indirect tax exemptions.

5) Skill building

Skill India: -Rewarding MSME for initiatives towards skill development and employment generation, particularly for women and special classes, by way of direct incentives, weighted deductions and reliefs in indirect taxes combined with low cost funding and credit access for stakeholders.

6) Export contribution

Promote Export contribution by supporting and developing MSME segment to be globally competitive and adopt research and development, innovation and global technologies. Provide MSME with global market access by entering into bilateral trade agreements and set off arrangements.

7) Public procurement policy

Promote an ecosystem for supplies to defence and public-sector enterprises so as to achieve at least 25 per cent portion of total procurement by defence and public-sector enterprises from MSME.

8) Procurement by large Indian and foreign corporate across industry sectors from MSMEs

Promote an ecosystem, provide incentives for investments and support efforts by large corporate in vendor development for MSME segment particularly adapting to research and development, innovation and global technologies.

9) Indigenisation

Incentivise any investments and outputs by large players and their MSME vendors to indigenise and/or enable import substitution particularly adapting to research and development, innovation and global technologies.

10) Traditional and heritage industries

Incentivise and support any stakeholder that invests in development, growth and opening global markets for India's traditional and heritage industries for goods, services and agricultural and natural medicines and therapy related products and services.

V. Further recommendations of study of Chanakya's learnings for MSME's

Well, this is just the tip of the ice-berg. Kautilya's Arthshashtra's application is all across, be it self or others. It caters to all levels micro & macro, individual and people, social life professional life. The applications of Arthshashtra are far and immense impacting the rajya and the rashtra. Our attempt has been to share and detail a few important and prime aspects of Kautilya's; learnings.

The study of Arthshashtra is vast and it details every aspect of an organization right from duties of the CEO till managing competition, the prospects of analysis of Kautilya's *Arthshashtra* in other areas of organizational management such as financial management, corporate governance can be considered for future research. The further recommendations of study include the below topics pertaining to MSME's are: -

- a. Contracts & Selection of Employees
- b. Corporate Governance & Audits
- c. Financial & Accounting systems
- d. Handling competition & Expansion of Territory, etc

VI. Conclusion

This paper explores the *Arthshashtra* of Kautilya, an ancient Indian literature (4th Century B.C.); and its perspectives on organizational management today. The foundations of management in organization are revealed from the *Arthshashtra*, which can provide guidance to present managers and leaders of MSME organizations.

For today's MSME's the teachings of Chanakya's Arthshashtra are highly relevant and important. The Principles of management & leadership specifically the Mission, Vision & Values. The Leadership Skills necessary to build a strong and prosperous organization, the importance of the 7 pillars for the organization are highly relevant in today's world.

The research paper also explains the connect and need of exploring ancient texts for building a strong foundation of self and business for these SME organizations. It thereby substantiates that the learnings of Arthshashtra are relevant in today's modern businesses and it applies at all levels: - macro levels for the country to the micro level for MSME's. There is an immense scope for further research to elaborate and detail on each of these learnings.

VII. References

I. Printed books:

- a. Kangle R.P (1972), "The Kautilya Arthshashtra, Motilal Banarasidas.

- b. Pillai Radhakrishnan (2010), "Corporate Chanakya", Jaico
- c. Business Today (2012), The SME White Book, Business Today Publications

II. Journal Articles

- a. Balakrishnan Muniapan (2008). *Kautilya's Arthshashtra perspectives on Organizational Management*. www.ccsenet.org/journal.html, Asian Social Science (2-5)
- b. Hari Krishnan Potty (2010), *Management Values in Kautilya's Arthshashtra*, LinkedIn.
- c. Prafulla Pande (2010), *Timeless Concepts of Leadership & Management*, The CEO Advantage Journal.
- d. Siva Kumar U. S. Rao (2020), *Guidelines for Value Based Management in Kautilya's Arthshashtra*
- e. Dr. Renu Tanwar (2014), *An Analytical Study of the Relevance of Arthshastra in Modern India*, IOSR Journal of Economics and Finance (IOSR-JEF) e-ISSN: 2321-5933, p-ISSN: 2321-5925. Volume 5, Issue 3. www.iosrjournals.org

