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Auditing and Detecting Embezzelments Hints from Kautilya Artha Shaastra

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I. AUDITING AND DETECTING EMBEZZELMENTS (K.A.S. 2.9.)

(1) *"Matsyaa yathaanta salile charanto*
Gnaatum na shakyaa salilam pibanta
Yukta sthathaa karya vidhu niyuktaa
Gnaatum na shakyaa dhanam aada daana"

(K.A.S. 2.9.33)

"Just as fish moving inside water cannot be known when drinking water, even so officials appointed for carrying out works cannot be known when appropriating money."

(2) The ways of embezzlement are thirty-eight. These are:

1. What has accrued first is realized afterwards,
2. what to accrue later is realized first,
3. what is to be carried out is not carried out,
4. what is not to be carried out is carried out,
5. what is carried out is made out as not carried out,
6. what is not carried out is made out as carried out,
7. what is carried out a little is made out as much,
8. what is carried out much is made out as little,
9. one thing is carried out while another is made out (as carried out),
10. what is carried out from one source is made out as from another,
11. what is to be paid is not paid,
12. what is not to be paid is paid,
13. payment is not made in time,
14. payment is made untimely,
15. a little paid is made out as much,
16. what is overpaid is made out as little,
17. one thing is given while another is made out as given,
18. what is paid to one is made out as paid to another,
19. what is delivered (into the treasury) is made out as not delivered,
20. what is not delivered is made out as delivered,
21. forest product for which the price has not been paid is delivered,
22. that for which the price has been paid is not delivered,
23. concentration (of goods) is made out as dispersal,
24. or dispersal made out as concentration,
25. an object of high value, the price is raised,

26. or (the price is) reduced,
27. the year is made discrepant as to months,
28. or the month discrepant as to days,
29. discrepancy as to source,
30. discrepancy as to head (of income etc.),
31. discrepancy as to workmen,
32. discrepancy in performance,
33. discrepancy in the sum-total,
34. discrepancy in quality,
35. discrepancy in price,
36. discrepancy in weighing,
37. discrepancy in measuring,
38. (and) discrepancy as to (container) vessels,

these are the (thirty-eight) ways of embezzlement."

Chanakya recommends that the leader has to establish system of detecting and correcting the deviations.