

EDITED BY HRISHIKESH D. VINOD



Hindu Economist Kautilya circa 320 BC

The Handbook of HINDU ECONOMICS AND BUSINESS

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Editor

Handbook of Hindu Economics and Business

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Dedication

To my mother Maitreyi Vinod who instilled the love of Sanskrit language in me
and

To my father Nyaya Ratna Dhundiraj Shastri Vinod who taught me the Hindu philosophy and how to live it by his own actions.
See <http://maharshivinod.org/>.

Preface

Preface and Overview of Chapters

Most students of economics believe that their subject was invented by Adam Smith around 1776 AD. Actually, a Hindu author named Kautilya, also known as Chanakya, had published around 300 BC a magnum opus called “Artha shastra” or “Science of Resources and Statecraft,” whose English translation needs 868 pages. We focus here on the width and depth of his materialistic economic thinking, not his ethics. An appendix provides a historical time line revising the British Museum time line indicating evidence supporting the revisions. What is the intellectual tradition of Hindu India in the field of economics? Can India, the world’s second-largest developing economy, inspire new principles of economic growth combining religious beliefs with economic activities?

This Handbook aims to answer such questions with the help of a wide range of experts and scholars with differing perspectives. The Handbook belongs to a new genre, different from typical academic handbooks in economics. Accordingly, the authors were asked to: (a) limit the scope of their essays to the handbook theme of interplay between Hinduism and Economics by generally excluding all non-Hindu contributions, and (b) if they wished, the authors were free to focus on the positive contributions of Hindu teachings, irrespective of any gaps between teachings and daily practices. Actually, it has become not just a reference book for economists, but an overview which does mention negative aspects of Hinduism. It is intended to be consulted by scholars in various related fields along with politicians, India investors, CEOs, and the general public. Therefore, let me explicitly mention the standard academic disclaimer that the authors remain responsible for the views in their chapters, with no presumption

v that I always agree with them.
New York Conference

The first challenge when I began this project of answering such questions more than a year ago was finding the experts and scholars. Having organized a few academic conferences in recent years, including one on entrepreneurship and human rights, I thought that issuing a “Call for Papers” for an academic conference on the topic would be a good start. Ultimately, we had a first-of-its-kind academic conference on Hinduism and the global economy at Fordham University in New York City on June 2, 2011.

The conference organizing committee members were: Shapoor Vali, Ralf Hepp, Barbara Andolsen, Frank Canovatchel, and Rossen Trendafilov. The Conference was inaugurated by John Tognino, Chairman of the Board of Trustees of Fordham University. I am grateful to Josephine Cannariato, Michael Mebane, and Michael Gallagher for their help. Financial support was received from the Economics Department, Vijaydev Mistry Foundation, and Twaalfhoven Family Foundation. Conference attendance was not compulsory for research papers to be included in this Handbook as travel support was unavailable for the many scholars who reside in India.

The keynote address by Dr. Subramanian Swamy, a celebrity in India, was helpful in attracting an audience and media attention to the conference. He explained that because Hinduism has dozens of highly respected books with distinct viewpoints instead of one holy book, Hindus can never be fundamentalist. He has an original take on the Hindu caste system as a way to achieve separation of powers, by forbidding the same person from amassing more than one source of power: education (Brahmin), weapons (Kshatriya), wealth (Vaishya), and land (Shoodra). He opined that unfortunately, castes became hereditary, and the original ideas have become distorted in recent centuries.

Fordham’s elegant top-floor lounge was nearly filled to capacity, and marked by unusually heated audience participation, including some emotional exchanges unusual for an academic conference. For example, when Professor Ravi Kulkarni of IIT-Mumbai reported that Hindus donate a very small percent of their annual income to charity compared to Muslims and Christians, a lady in the audience noted that these charities are hoping to convert poor Hindus to their faith. Dr. Kulkarni responded by noting that these charities do provide education and healthcare to persons of all

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religions. Since Ravi is one of the most generous persons I know, he not only talks the talk, but walks the walk, using an American expression.

This Handbook is divided into two parts based on whether the primary focus being on ancient or modern times. Of course, all authors have tried to make their chapters relevant for today’s readers. Since each chapter is self-contained by design, minor repetition across chapters is inevitable.

Part I Contains Chapters with a Primary Focus on Ancient Hindu Texts

Adam Smith’s 1776 *The Wealth of Nations* was written based on the foundation of his 1759 *The Theory of Moral Sentiments*, strongly implying that he viewed economics as a moral science, even though economists emphasize his “paradox of greed” that

greed can produce overall benefits in a market system. Various chapters in this part show that Kautilya, circa 320 BC, had many ideas of modern economics except for the “paradox of greed.” We begin with a chapter by a Sanskrit scholar showing that Kautilya promoted free trade.

Chapter 1 by M. V. Patwardhan, “Economics, Business, and Management in Ancient Hindu Texts,” is a scholarly discussion of Kautilya Arthashastra based on Patwardhan’s study of the original Sanskrit texts. It details duties and punishments of various classes, laws of contracts, monetary and fiscal policies, taxation, etc. He argues that Kautilya was one of the first socialists worried about the welfare of all subjects and preservation of an implicit social contract.

Kautilya’s focus on the sovereignty and prosperity of the kingdom at all cost (ends justify means). all cost (ends justify means). 27) proposes a tax on prostitute establishments. While condemning black magic, Kautilya (4.4.16, 5.1.33) advises kings to exploit it for their own purposes. Kautilya’s discussion of statecraft precedes by some 1800 years similar discussion of the use of political power in Machiavelli’s “The Prince” published in 1532 in Florence, Italy. It is not surprising that between 300 BC and 1900 AD, Kautilya’s ethical precepts were roundly criticized as opportunistic, and not representative of purer versions of Hindu ethics.

Professor Balbir S. Sihag’s Chapter 2, “Kautilya on Prudence, Protection, and Prosperity” provides a detailed comparison with references to the state-centric Niccolo Machiavelli (1513) and people-centric Kautilya. This chapter shows how Kautilya’s people-centric concept of “human security” developed centuries before the United Nations was founded, and was com

viii Handbook of Hindu Economics and Business tal sources called vaat, pitta, and kapha. Ancient Indian medicines needed elaborate recipes, some of which used various minerals and herbs. He also describes how healthcare, including surgery, was organized for various subgroups (children, women, elderly), and how it was paid for. He discusses medical education, and the role of the king’s physician as the chief medical officer responsible for healthcare planning and epidemic prevention.

prehensive and ahead of its time, focusing on both freedom from fear and freedom from wants. Besides large armies and fortifications, he suggested intelligence gathering and diplomacy to predict enemy intentions. Sihag shows that the basic intellectual underpinnings of the following sampling of jargon items from economic theory were known to Kautilya: Public Goods, Opportunity Cost, Constrained Maximization, Inter-Temporal Choice, Law of Diminishing Returns, Demand-Supply Apparatus, Liquidity, Discounting, Producer Surplus, Linear Income Tax, Gains from Trade, and Value Added. There are three similar additional lists in Sihag’s Table 2.1.

Chapter 3, “Socioeconomic Importance of Animals Including Cows in Hinduism” by H. D. Vinod, begins with a Hindu parallel to Darwinian evolution and considers beef eating. Hindus did understand some modern ecological concepts of symbiotic interdependence among various species of plants and animals. India’s rural economy relies on live-stock even today.

Chapter 4, “Hindu Economic Philosophy” by M. V. Nadkarni, describes the economic philosophy including Hindu ethics while reviewing some important references. He argues that ethical economic betterment if not capitalism is encouraged by Hinduism, and that economic prosperity enables charity and social investment. He finds that Kautilya had foreseen the Marxian Labor Theory of Value and that Max Weber gave Hinduism bad press based on an his incomplete exposure to original Hindu texts.

Chapter 5, entitled “Four-Fold Objectives of Life for an Individual and Societal Growth as per Hinduism” by Prof. M. G. Prasad of the Stevens Institute of Technology, compares the four-fold objectives of Hinduism (moral conduct, pursuit of wealth, pleasures, and liberation) to the U.S. Constitution’s individual-centric objectives of “life, liberty and the pursuit of happiness.” Hinduism focuses on both individual and societal growth.

Modern economies depend on corporations, including multinationals. An ancient Indian version is discussed in Chapter 6, “Hindu Social Corporate Form and Sreni Dharma: Cure for Greed” by S. Kalyanaraman. The Hindu guild-type entity called ‘sreni’ had detailed laws, together with a complete structure for executive officers. It operated within the framework of a rational, materialistic economic ethos, and yet suggested equality, trusteeship, and development of social capital. Details include a remarkable example of a committee of elders of civil society in the Uttaramerur district in South India.

Chapter 7, “Ayurvedic Medicine: Ancient Hindu Wisdom” by Vasant D. Lad, a practising medical doctor trained under the ancient Hindu system of healthcare, explains how all health problems can arise from three fundamen

Lord Keynes said that the ego factor in the form of the “animal spirit” of traders drives the stock market. Shankar Abhyankar’s Chapter 8 comes with a glossary of Sanskrit terms with scholarly and careful descriptions of their subtle meanings. Its title, “The Ahankaar Factor in Bhaaratēya Arthashastra,” involves many Sanskrit words. The glossary explains why a rough translation “The ego factor in Indian Economics” is incorrect. He lists four goals, four stages of life, four castes, and four debts (including debts to society), along with material and spiritual aspects of human existence.

Dr. Abhyankar is known in India as Vidyaa Vaachaspati (great orator of knowledge), and his speeches attract huge crowds. His chapter cites original Sanskrit books on Indian Economics, noting how Kautilya’s Arthashastra treatise is huge with over 6000 verses [Book 1, ch. 1, sec. 18]. Abhyankar has studied several even more huge additional commentaries in Sanskrit dealing with

Hindu Economics. For example, he mentions Arthopaveda and Sampatti Shastra each contain 100,000 plus verses. They support acquisition of wealth within limits as a worthy goal. Since economic activities begin with “I-consciousness”, Abhyankar describes the ascending order of ego and Hindu tools for controlling material desires for fulfilment. Because unchecked animal spirits cause boom and bust cycles of instability, he recommends economic policies promoting saattvik or good-natured ego.

Professor H. N. Mhaskar’s Chapter 9, entitled “Dharma and the Growth of an Individual,” discusses development of human capital from a Hindu perspective with an emphasis on the growth of an individual with the help of a Guru, the teacher. He explains distinctions among the four types of Yoga: jnanayoga, karmayoga, raajayoga, and bhaktiyoga that are highly relevant for human development.

Chapter 10, “Impact of Hindu Rituals, Festivals and Pilgrimages on Socioeconomic Well-Being in India” by Prof. Gautam Naresh, includes an empirical study involving a human development index and poverty index. He lists several harmful Hindu superstitions and customs, including excess reliance on intuition and authority as tools for learning the truth, and the inadequate emphasis on accumulation of objective evidence. Prof. Naresh also discusses the positive role of Hindu rituals in fostering family ties and x Handbook of Hindu Economics and Business

self-sufficiency with self-discipline.

The Great Recession of 2008 has reminded most economists about the perils of systemic risk created by ‘too big to fail’ entities. Professor Balbir S. Sihag’s Chapter 11, entitled “Kautilya on Ethical Anchoring as Systemic Risk Management,” considers Kautilya three main sources of risk affecting the state: foreign aggression, moral degradation, and famine. The chapter focuses on the moral degradation risk, methods of preventing the “law of the jungle” from taking over the economy with adequate emphasis on ethics education and fair punishments, long before John Stuart Mill. This chapter briefly compares Adam Smith and Western philosophers with Kautilya and his followers. Sihag offers some mathematical equations summarizing Kautilya’s economic theory, which involve loss functions, utility functions, probabilities of a meltdown, among others, and should be of interest to mathematical and quantitative economists.

Part 2 Contains Chapters with a Primary Focus on Recent Hindu History

Dr. R. Vaidyanathan’s Chapter 12, entitled “India Growth: The Untold Story—Caste as Social Capital,” discusses the caste system. He assumes that the reader already knows the basics of the Hindu caste system. There are over two hundred endogamous communities in India somewhat incorrectly called castes and caste-like groups. Let me provide admittedly oversimplified answers two questions about castes often asked by non-Indians: (1) Since differences among caste groups are not visible, how is the caste known? The caste is known from several clues: the family name, address, social connections, acquaintances, profession, diets, etc. Of course, with urbanization and inter-caste marriages, this is no longer easy. (2) Why do members of the same caste feel affinity to each other? The short answer is a sense of brotherhood developed by true or imagined genetic, regional, professional and class affinity. The ancient Hindu custom of arranged marriages officially restricted all marriages for thousands of years to only within the endogamous caste. Although unevenly enforced by different groups in different regions, marriage and diet customs have created and solidified the caste affinity. Our interest here is in economic consequences of the affinity, while DNA analysis of castes is studied by many scientists to help answer public health, historical and socio-political questions.

Rudolph, L. I. (1965)¹ argues that the caste affinity was helpful in the ¹“The Modernity of Tradition: The Democratic Incarnation of Caste in India”, The

1950s in nurturing democratic institutions in India. Indian peasants did not have to “surrender themselves to a political master in the hope of protection and benefits” as European peasants did. More recent impact of castes on Indian politics has been harmful. Vaidyanathan notes that “caste in politics divides (the Indian electorate) but caste in economics unites.” He focuses on economic benefits of caste affinity arising from risk-sharing and entrepreneurship traits. He shows how caste has been a major builder of social capital in many emerging businesses across sectors by members of newly empowered castes.

Advocate Sunil Deshmukh’s Chapter 13, entitled “Losses from Hindu Socioeconomic Practices,” calculates the present value of the total loss due to Hindu socioeconomic practices (not theory) at \$32 trillion, primarily due to the birth-based caste system leading to the virtual nonparticipation by the lower castes and women in the economy. This chapter serves as an antidote to some chapters that extol the virtues in the precepts of Hindu philosophy, while ignoring discriminatory religious practices.

Professor Surendra K. Kaushik of Pace University states that the low Hindu rate of growth is sustainable, in Chapter 14 entitled “Sustainability of Hinduism and the Hindu Rate of Growth as the Global Growth Rate.” Its sustainability is explained in terms of cultural characteristics specifically associated with Vedic Hinduism. However, India ought to use Hindu culture to seek the highest possible growth rate. Meltzer (June 15, 2011, Wall Street Journal, A15) compares 1990 to 2006 when growth in the United States was only 1 percent higher than in France, Germany, or Italy. The 1 percent difference in growth rate matters because it becomes a 25 percent difference in per-capita income by 2006 by the power of compounding.

Prof. Kishore Kulkarni, editor of the Indian Journal of Economics and Business, and his student Chang Yi explain in detail how Hinduism plays a role in India’s population problem. Their Chapter 15, “Role of Hinduism in India’s Population Problem,”

considers both Hindu and Muslim communities in India. Both need to empower their females and not view having several children as old-age insurance. They highlight the negative externalities associated with a 1.4 percent annual growth amounting to a burden on world resources of feeding and employing 16.6 million additional Indians every year. During the discussion of this chapter in New York, Prof. Kaushik mentioned that women's higher education would bring down the population growth rate, because (1) women will be more concerned about

American Political Science Review, 59(4), 1965, 975–989 xii Handbook of Hindu Economics and Business

keeping the standard of living of their families by having fewer children, and (2) higher education will require girls not marrying until the age of 22 or so, thus reducing the high-fertility age-period.

Chapter 16, "Impact of Past Karma and Astrology Chart on Hindu Economic Life," by H. D. Vinod reviews both the good and bad economic consequences of Hindu belief in karma and astrology, and suggests an overlooked link between the two. Initial endowments such as family background, health, and wealth of a newborn are viewed as random variables in economic theory. However, Hindus believe in rebirth, and attribute initial endowments to the good and bad actions in previous lives. If one believes that the soul enters the body of the newborn at birth, the exact time and place of birth, which also determines his astrological chart, may then have a plausible role in forecasting his life outcomes. Although charts cannot cause life outcomes, under karma beliefs, predictable movement of stars and random life outcomes become dependent, not spurious. This may explain why millions of Hindus including scientists believe in astrology. While this can cause fatalism, it also allows Hindus to have mental skills in coping with adversity (blame the stars instead of parents) while providing entertainment to all and jobs to astrologers. In the absence of data, I am unable to assert that the net benefit is negative.

Chapter 17, "Charity in India," by Rajendra and Ravindra Kulkarni claims that Hindus donate only about 1 percent of their annual income for charity, whereas the Jews, Christians, and Muslims donate close to 10 percent. They attribute this phenomenon to the system of "tithes" or "zakat" mentioned in the Torah, the New Testament, and the Koran, whereas respected Hindu books mention no specific number. Hindus had no organized system of charity, even though they extol charity in the highest terms. Because the percentage of middle-class is increasing in India, the authors recommend some reforms in income tax laws, inheritance laws, and the Foreign Contribution Regulation Act (FCRA). The latter practically freezes the contributions socially conscious, educated, fairly rich people of Indian origin living abroad would make to small deserving organizations. Readers interested in the economics of "The Market for Charitable Giving" may consult a literature survey having that title by John List in the Journal of Economic Perspectives 2011 (25(2): 157-180).

Chapter 18, entitled "Ancient Hindu Wisdom for Modern-Day Management and Leadership" by P. Joshi and M. Joshi of the Gurukul Yoga Holistic Center, Bridgewater, New Jersey, explains the close link between yoga and Hinduism, with special emphasis on the use of yoga even by non

Preface xiii mentions of Inequalities in India: An Interpretation" by Prof. Suresh D. Tendulkar, studies income inequality in India, an important topic in economics. The caste system of Hindu India had a rather rigid, unequal, and hierarchical socio-economic structure. Tendulkar describes modern Indian elections as involving "identity politics," a code for voting based on the caste of the candidate. He discusses the challenge of relieving Indian poverty, and mentions the dynamic interplay of "one-man-one-vote" political equality with the Hindu caste hierarchy, helping to crumble the latter. Drawing a distinction between equal and equitable distribution of income, Tendulkar focuses on incentives, productivity, and rapid growth. Rising inequality might not be a serious problem if India also has income mobility and rapid economic growth.

Hindus for developing leadership qualities. They explain the importance of a teacher and how Hindu epics contain examples for the acquisition of decision-making skills during a crisis that are relevant and practical for today's situations.

Human capital is one of the most important topics in Development Economics, which focuses on education and development of skills. Chapter 19 by Dr. Samprasad Vinod, "Yoga for Growth in Human Capital," shows how yoga can be an important tool here. He also lists sixteen Hindustyle sacraments from birth to death similar to the stages in construction, maintenance, and replacement of material capital goods.

Chapter 20, "ArthaKranti Perspective on the Indian and Global Economy," by Anil Bokil, Amod Phalke, Amol Phalke, Bhushan Patil, Narendra Khot and Sudhir Rao, all of the "ArthaKranti Pratishtan" (Foundation for Economic Revolution), proposes detailed new ideas to correct the problems with the Indian economy. Its proposals are radical, involving a whole new tax and currency system. However, some of these are being propagated in bits and pieces by Anna Hazare and Ramdev Baba, who made big news in India with a Gandhi-style public fasting to bring attention to the black money and corruption in India. The State of Illinois conducted an experiment forcing transactions of poor recipients of government welfare payments through the banking system with encouraging results. With smart cell phones reaching millions of Indians, including illiterate vegetable vendors, their proposal to force almost all daily transactions through the banking system is worthy of consideration. Given that Bernard Madoff successfully hid tens of billions of dollars from sophisticated and incorruptible American banking regulators for decades, great care will be needed in implementing their proposals. Knowing the ingenuity of motivated scoff-laws in India, supported by corrupt politicians and an overburdened judiciary, the "devil would be in the (implementation) details."

Chapter 21, entitled “Hindutva Principle of Economic Development,” by Dr. Subramanian Swamy, President of the Janata Party and until recently an economics professor at the Harvard summer school, takes a novel approach to the theory of economic development. He advocates sustainable and ecology-friendly economic development based on Hindu ideas combining good aspects of communism, socialism, and capitalism. Swamy also proposes an education system aimed at inculcating a five-dimensional concept of intelligence that includes cognitive, emotional, moral, social, and spiritual elements.

Chapter 22, “Interactions among Social, Political, and Economic Di

Unfortunately, this Handbook chapter would likely be the last publication in Tendulkar’s distinguished career (spanning nearly a hundred publications), as he passed away on June 21, 2011. Suresh Tendulkar was an important voice in the economic policy of India, having served in several key positions including as the Chairman of the Economic Advisory Council to the Prime Minister of India. His methodological contribution using data on education, health, and clothing revised upward India’s poverty rates. On a personal note, I attended the BMCC college in Pune, the Delhi School of Economics, and Harvard University with Suresh. My condolences to his wife Sunetra and his two daughters, Sae Sappre and Juee Gonzalves, whom I have known almost since the time they were born. Suresh had encouraged me to undertake this Handbook project and provided valuable contacts and referees.

Chapter 23 by Advocate Chinmay Vaidya names 20 Hindu sages as lawgivers and lists 18 sections of their laws. Some 12 categories deal directly with economic life. The “Hindu Law” was codified during the British Raj and modified after Indian independence whereby individual rights have triumphed over the ancient Hindu tradition of joint ownership. In particular, the chapter focuses on the beneficial evolution of woman’s property rights.

I am grateful to all these authors for their hard work in preparing their chapters and responding to occasionally blunt criticisms by the referees. Refereeing for this volume was arduous. I would like to thank Arun and Vasanti Jategaonkar, Aparna Kulkarni, Sadhana Sathe, Udayan Vinod, Sophie Mitra, Giacomo Santangelo, Marg Reynolds, and Madhukar Godsey for their referee work. Some authors also did refereeing for the papers of others, and some referees have asked to remain anonymous. Preface xv

Hrishikesh D. Vinod, Tenafly, New Jersey, USA, January 2013.

Appendix: Indian History Time line

Indian History Time Line Part 1

seq. year event

5 3100 BC Early settlements develop in Indus Valley 6 3000 BC (+) Oral composition of the Vedas

7 2900 BC -

8 2800 BC (+) Mahabharata war (weapons’ archaeological dating) 9 2700 BC -

10 2600 BC Early settlements develop into urban civilization

11 - Indus script used

12 2500 BC Great Bath is built at Mohenjo-daro

16 2100 BC -

17 2000 BC (+) Tectonic movements dry up river Sarasvati

18 1900 BC Decline of Indus Civilization

19 1800 BC (-) Movement of Aryan groups into India

20 1700 BC -

21 1600 BC (+) rising sea level inundates port city Dvaraka (+) Oral composition of the Mahabharata

22 1500 BC (-) Oral composition of the Vedas

23 1400 BC -

28 900 BC (-) Oral composition of the Mahabharata & Gita

29 800 BC -

Recent evidence seems to suggest removal of items marked (-) and addition of items marked (+).

This time-line attempts to update the one by the British Museum,² which appears to be based on out-of-date information. For example, the British Museum time line ignores more recent sources including: (1) “Scientific Verification of Vedic Knowledge”³

(2) A book entitled “Science of the Sacred” by David Osborn with a Forward

² available at: http://www.ancientindia.co.uk/time/explore/exp_set.html

³ available at: <http://www.archaeologyonline.net/artifacts/scientific-verif-vedas.html>.

Indian History Time Line Part 2

seq. year event

30 700 BC Oral composition of the Upanishads

31 600 BC Birth of Siddhartha Gautama

32 - Indus Valley region becomes part of

Persian Empire

33 500 BC Death of Vardhamana Mahavira

34 - Death of the Buddha

35 - Oral composition of the Ramayana

36 400 BC Alexander the Great attacks

North-West India

37 - Mauryan Empire founded

(+) Kautilya Artha Shastra written

38 300 BC Introduction of Sanskrit and Prakrit languages

39 - Brahmi and Kharosthi scripts in use

40 - Ashoka converts to Buddhism

41 200 BC Mauryan Empire collapses

42 - Stupa built at Mohenjo-daro site

43 100 BC -

44 0 AD Introduction of Christianity into India

45 100 AD (-) Composition of the Bhagavad Gita

46 200 AD -

47 300 AD Beginning of Gupta rule over India

48 - Buddhist scholars travel to China

49 400 AD First Hindu temple built

Recent evidence seems to suggest removal of items marked (-) and addition of items marked (+).

by David Frawley ⁴

(3) Professor of Anthropology at Case Western Reserve University, Jim G. Shaffer's articles ⁵

Since Indian independence in 1947, some 2,500 Indian archaeological sites have been studied by scientists including those from Archaeological

⁴ available at: <http://www.archaeologyonline.net/indology/pdfs/science-of-sacred.pdf>.

⁵ See: "The Indo-Aryan Invasions: Cultural Myth and Archaeological Reality", in John R Lukacs (ed.) The People of South Asia: The Biological Anthropology of India, Pakistan and Nepal, New York, 1984, Plenum Press, pp. 77-88.

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Indian History Time Line Part 3

seq. year event

50 500 AD (+) Naalanda University, Bihar estd.

51 600 AD Translation: Buddhist texts into Chinese 52 700 AD Introduction of Zoroastrianism into India 53 - Development of Dravidian script

54 800 AD (+) Death of Adi Shankaracharya

(who (revived Hinduism)

55 900 AD -

56 1000 AD Introduction of Islam into India

57 1100 AD (+) Muslim invader B. Khilji burns Naalanda library

58 1200 AD -

59 1300 AD -

60 1400 AD (-) Birth of Nanak

61 1500 AD Death of Nanak (founded Sikhism)

62 1600 AD -

63 1700 AD -

64 1800 AD Early visitors to Harappa

65 - Decipherment of Brahmi and Kharosthi scripts

66 - Discovery of first Indus seal

67 1900 AD Discovery of Mohenjo-daro

68 - Excavations begin at Harappa and Mohenjo-daro

69 - (-) Excavation of Indus Valley sites continues

70 2000 AD (+) Satellite images of dried up Sarasvati river

Recent evidence suggests addition of items marked (+). We suggest removal items marked (-) for brevity.

Survey of India. A majority of the sites are along the dried up Sarasvati river bed, recently confirmed by using satellite pictures. The river is described with detail in Rig Veda (07.0950.01 1-2) and is known to have dried around 1900 BC according to archaeological evidence. The evidence for Mahabharata War to have been around 2800 BC is based on iron arrows and spearheads obtained in Kurukshetra, the site of the war, have been excavated and dated by thermoluminescence. This is what justifies some items marked (+) in the Table. The evidence for timing of Krishna's port city of

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Dvaraka is found in K. S. Rao's (1999) book⁶

Bharat Gyan of Bangalore have produced a plausible video entitled "Rama Setu - An Engineering Marvel of 5076 BCE." It reports using archeoastronomy to date the birth of Lord Rama to be 5114 BC based on Rama's astrological chart detailed in Ramayana. http://www.youtube.com/watch?feature=player_embedded&v=FgSINZO_Vul#! We have not yet included the 5114 BC date in part 1 of our time line, pending corroboration by archaeologists and historians.

Acknowledgment for the Cover Design

I am grateful to Dr. Michael Mebane for the sketch of Kautilya and to Dr. Rossen Trendafilov for the design of the handbook cover incorporating Mebane's sketch and the remaining text, patiently and cheerfully allowing me to make several changes during many iterations.

⁶entitled "The Lost City of Dvaraka" Aditya Prakashan, New Delhi.

Foreword

V.R.Panchamukhi,⁷

Professor Vinod and his team deserve all greetings and eudos. The Handbook of Hindu Economics and Business is systematically arranged into different themes and chapters, covering issues, such as, Protection and prosperity, Importance of animals, Four-fold Objectives of Life, Hindu Social Corporate form, Ayurvedic Medicines, Impact of Rituals to name a few. It is interesting to find that the handbook in its second Part has some perceptive articles on the recent thoughts on development and governance with special reference to the framework of ancient wisdom.

We need to recognize that Indian and the world economy are now poised on the threshold of paradigm shifts. At such a crucial phase of the development process that this handbook is very timely. I am fully convinced that its contents provide useful guidelines for the identification of a New Holistic Paradigm of Development. Obviously, such a Holistic Paradigm has to perceive Development as a blend of materialistic progress along with the preservation of cherished Human Values of Life. These Values, based on Hindu thoughts would consist of, among others, values, such as, Contentment, Focus on duties, Focus on the quality of Human Resource, Social Harmony with indiscrimination, Caring for others, and Concern for global welfare, Avoidance of a life-style of excessive consumerism.⁸

This handbook includes extremely valuable reading material for all who are keen to know more about the Hindu economics and Business providing the right perspectives. It is the most useful addition to the literature on the subject of Indian Heritage Knowledge System. I hope and pray that this handbook receives wide publicity and readership, which it eminently deserves.

⁷ Former Chairman, Indian Council for Social Science Research, New Delhi; Former Chancellor, Rashtriya Sanskrit University, Tirupati; Currently, Managing Editor, Indian Economic Journal and Chancellor, Sri Gurusarvabhouma Sanskrit Vidyapeeth, Mantralayam.

⁸ See my book entitled, Human Science in Indian Heritage, published by the National Institute of Vedic Science, Sri Sripadaraja Mutt, Bangalore

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Prof. Michael Szenberg of Pace University, New York (winner of prestigious J. R. Commons Award and chief editor of the American Economist, 1975–2011) wrote “Hindu Economics and Business Handbook is an engaging and informative survey of the economics of Hinduism. I highly recommend it.”

Professor Jagdish Bhagwati of Columbia University wrote: “Professor Vinod, a noted economist in mainstream economics, has assembled a fine collection of papers in an area outside the mainstream. This is an interesting collection of essays and will be widely read.”

Professor Rishi S. Raj, Founder and President Society of Indian Academics in America (SIAA), City College New York (CCNY), wrote: “Due to the wisdom of Hindu Society, India was known to the world as Golden Sparrow, where everything was there to export than to import. Many key points of the earlier methods and strategies Hindu economists used are present in the papers included in this handbook. Professor Vinod needs to be congratulated on such an effort to collect these papers which are desperately needed to help solve the present day world economic crisis.”

Mr. Narain Kataria, President: Indian American Intellectual Forum wrote: “The scholarly collection of twenty plus chapters on Hinduism and Economics represents a comprehensive review of contrasting viewpoints. This unique reference work edited by Prof. Vinod belongs not only in every public library, but also in the home of everyone interested in India, including non-Hindus and international investors.”

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PART 1	

Chapters with a Primary Focus on Ancient Hindu Texts

. . Chapter 1

Economics, Business and Management in Ancient Hindu Texts

M. V. Patwardhan*

1.1 Introduction

Hinduism predates Buddhism, Jainism, Christianity, and Islam. There was really no Hindu “religion” per se; it was a body of lofty principles founded on dharma, or natural inclinations of all humans. Since a correct translation of the Sanskrit word dharma is not religion, some discussion is needed here. The ancient Hindus held that all created existence is derived from five basic elements: Earth, Water, Fire, Wind, and Space. The presiding deity over all creation was Lord Brahma. His creation

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was sustained by Lord Vishnu, and it was cleansed, through total destruction, by Lord Shiva. The ancients held that this cycle of creation, sustenance, and destruction repeats itself forever.

We are concerned here with Hindu ideas regarding acquisition, protection, enlargement, and utilization of physical assets consisting of land, water, natural bounties, and manufactured goods and services. The ancient Hindu texts required everyone to live by a certain code of conduct in their personal, social, and economic lives. The aim was to make life peaceful, prosperous, and enjoyable for everybody. Each person was expected to be just and honest, and evil intentions and deeds were to be punished appropriately and proportionately.

The power and duties of the state rested in the king, whose role was treated as an institution. A Hindu king combined aristocracy, democracy as well as dictatorship, and meritocracy. A cabinet of ministers helped the king carry out his duties. An ancient king Chandragupta, had a teacher named Kautilya who was also known as Chanakya. He wrote an important work called the Arthashastra, loosely equivalent to the “science of economics,” around 320 BC, reputed to be the most ancient text on economics. Although historical dates are disputed by many, including statisticians by counting frequency of occurrences of Sanskrit words such as “and, then, also, hence.” Introduction in Rangaraja’s Penguin classic explains why these tools are not suitable for Sanskrit, where filler words are used to conform with the poetic meter, and why the 320 BC date

is the most plausible.

Kautilya's Arthashastra (KA) was written primarily for King Chandragupta. Kautilya (Chanakya) is sometimes compared to Aristotle. Aristotle is regarded as one of the principal analytical thinkers of the West. He is said to have inspired all modern Western thought, including ethics, logics, metaphysics, politics, rhetoric, history, physiology, history, biology, civics, and economics. A similar variety of subjects is treated with similar intellectual mastery by Kautilya. The terminology and usage in ancient Hindu texts written before 200 BC were naturally different from current writing.

The remaining chapter will focus on what we can learn from the contributions of Kautilya, keeping controversies surrounding his ethics or his historical dating outside our scope. Kangle (1998) has fifteen appendices and extensive index. The readers interested in controversies and specific locations of verses from KA can readily find them in Kangle's index. Section 2 describes Hindu dharma and culture as it affects the economic life predating KA. Most of the remaining discussion is contained in KA and the absence of citations by verse numbers is intended to make the chapter brief and readable. Section 3 discusses management of natural resources as envisioned in Hindu texts and interpreted by Kautilya. Section 4 deals with similar management of human resources. Section 5 considers the management of the national economy, and Section 6 contains some final remarks.

1.2 Hindu Culture and Economic Life

Unlike most other religions, Hinduism has no single founder. The Sanskrit word dharma meant some innate principles. What was natural was the dharma expounded in the Vedas, Upanishads, and in the main epics Ramayana and Mahabharat. The Muslim and Western invaders who crossed the Indus River (Sindhu, in Sanskrit) called it the Hindus, from whence comes the term Hinduism. The term Hinduism here refers to the sanaatan, meaning eternal dharma, or a way of living, implying righteous conduct.

The manufacturing economy during the ancient pre-industrial era had skilled fabricators such as gold-, silver-, copper-, and iron-smiths, potters, weavers, tailors, and farmers who were collectively called the artisans. The king provided discipline and order in society, including economic regulation of production and distribution.

Hindu culture divides an individual's total life into four time periods called Aashram: (i) The first 16 years were for education. (ii) The economic life of a householder including pursuit of money was in the subsequent 25-30 years. (iii) Around age sixty citizens were supposed to abandon economic life and go to the forests. (iv) During the last stage of life everyone is expected to be at the mercy of others even for daily needs of food, shelter, and clothes. The key point is that acquisition of property for the long term was discouraged by the scriptures. A joint family system was commonly practiced by Hindus and has had a profound effect on their economic lives. Many economic choices and property rights were constrained by the views and welfare of family members of all ages in the family unit.

Hindu culture lists four Purusharthas, which were dharma (religion), artha (financial and physical assets), kama (civil life, including marital relations and pursuit of physical pleasures), and moksha (ultimate liberation). While the scriptures did not discourage all pursuit of money, they

insist on righteousness in doing so. The individual economic behavior was guided by the Karma philosophy, which asserts that a soul must go through cycles of life and death until it has attained a state of absolute purity and equilibrium so that it can attain Moksha, or final liberation. Otherwise, one must return to some specific life-form to separately discharge a portion of the accumulated good-Karma and the bad-Karma. Such philosophy can lead to, on one hand, either fatalism or wanton behavior, or on the other, a virtuous and productive life, free from covetousness and worldly attachment, and thus another step toward the soul's purification. The discussion in this section generally refers to Hindu culture existing long before Kautilya. KA was written within the framework of the aforementioned Hindu culture.

1.3 Management of Natural Resources

The natural wealth of a nation consisted of food crops, trees, minerals, forests, rivers, and oceans are often embodied in one KA term: The Earth. Availability of water was important for Kautilya. Importance was given to rainfall and preservation of water. Mines were made easily accessible. Only economically feasible mines that could be exploited at low cost were worked upon. Animal husbandry was a part of the natural wealth.

1.3.1 Economic Value of Domestic Animals Including the Cow

The animals in the kingdom of the sovereign were his wealth, and the citizens were supposed to be guardians on his behalf. Cattle grazing was the most important economic activity in the days of Kautilya (KA 229). Cows and she-buffaloes were reared for milk. The bulls and he-buffaloes were used as draft animals. Other useful domesticated animals were sheep, goats, horses, camels, and pigs.

Ghee (melted butter), which had the advantages of being easily stored and transported, was the main product of the cow. Cheese as was then in vogue was supplied to the army. Buttermilk and whey were mixed with oil cake and used as animal feed. Kautilya gave importance to animals because their hides, skins, hooves, horns, flesh, and guts were used in different ways.

The responsibility of the herds was entrusted to the chief superintendent. He had the authority to employ cowherds and milkers. Private herds were also entrusted to the superintendent for protection on payment of fees. Pana was the coin of Kautilya's times. Pana was divided into sixteen parts, with each of these sixteen parts being again divided into four parts. The private owners had to pay a sales tax of a quarter pana for every animal sold. Animals were classified as males, females, heifers, and young cattle.

Animal breeding was given special attention. There was also a separate superintendent for pastures for grazing lands lying between villages. Pasture lands were protected from thieves and wild animals.

Though cows had special privileges in those days, horses and elephants essential for war were also meticulously looked after. There was a superintendent for horses and one for elephants.

There is much evidence in KA for the welfare of animals. Severe punishment was given for cruelty to animals. Regulations on grazing and the responsibility of veterinary doctors were also touched upon in his treatise. Animal sanctuaries were created at various places. Deer were

received in payment of tax. Kautilya provides a list of “protected” animals and fish. Even animals that had turned dangerous were not to be brutally killed but had to be captured and killed with mercy. Cattle that had strayed from nearby enemy territories were accepted. No whip was to be used for the cattle. Temple bulls and cows after calving were exempt from grazing charges. Riding or driving a stud bull or a pregnant cow was prohibited. Animal fights between horned animals or tusked elephants were prohibited. Milking a cow twice daily while she was lactating was punished as an offense: the thumb of the culprit was cut off. Unproductive cattle were looked upon nicely. Failure to attend to ill-treated elephants was punished. If the veterinary doctors did not care for sick animals, they were punished, and if the animal died, they had to pay its cost.

In newly conquered territories animal slaughter was prohibited for four days around full moon day, and for the entire months of devotion, slaughter was prohibited. Slaughter of female and young animals as well as castration of males was also prohibited. All this was necessary as animals were treated as precious property. They could however be given as gifts.

The chief collector of animals had the responsibility for their protection. Saltwater fish with strange and unusual forms were protected, as were freshwater fish from lakes, rivers, and canals. The superintendent was to see that animals were not injured. Even though animals were slaughtered for meat, a milch cow was never to be slaughtered, and the superintendent was responsible for seeing that only meat from freshly killed animals was being sold. Sale of swollen or rotten meat and meat from any animal not slaughtered was prohibited. Beheaded or deboned fish were not allowed to be sold. There was severe punishment for trapping, injuring, or killing protected species and animals in sanctuaries. Causing bleeding wounds to animals was punished, and a penalty of two to eight panas was levied. Horses, camels, donkeys, sheep, and goats were also cared for.

Wild animals such as leopards, bears, lions, tigers, bison, and rhinoceroses were also given importance. Hair, skin, bladders, bile, tendons, teeth, horns, and hooves of animals were classified as useful products.

Because Vedic culture, which subsequently became Hindu culture, treated the cow as a revered animal, Kautilya gave importance to cows and other domestic animals, animal breeding, and even slaughter of animals. There were two separate ministries to look after animal wealth. The superintendent of cows was supposed to supervise the herds maintained by the villagers. The animals were treated as currency, and in some cases payment for services was made by giving cows. The cowherds were supposed to care for dairy produce.

Kautilya has given responsibilities to the superintendent of animals who had to look after the stray cattle as well as cattle irrevocably lost. Any owner with one hundred or more animals had to separate them into five groups: (1) aged animals, (2) missing animals, (3) pregnant animals, (4) heifers, and (5) calves. The carcass of the animal was to be properly cared for, with the horns, hooves, hides, stomach gut, and flesh to be used for different purposes.

According to Kautilya, every part of the animal could be used, and therefore animals were treated as wealth. In fact, enemies of the king used to steal cattle. The superintendent of cows was to prevent animals from being stolen. The minister for cattle was supposed to have enough

knowledge to divide bulls into different categories. He had to train them to yolk, and he had to take care of barren cattle. Any animal that died of disease or old age, was drowned or killed by a falling tree, washed away by river floods, beaten to death, devoured by tigers or lions, or stung by serpents or cobras was treated as irrevocably lost, and the village superintendent was supposed to keep a list of all such animals. If any citizen recovered cattle from thieves, that person was promised a reward. Bells were to be attached to the neck of the cattle so their whereabouts would be known.

The minister for the slaughterhouse was to see that only older, unproductive animals were slaughtered. The superintendent of animals was also supposed to take care of birds and bees staying in the forest under state protection. Elephants; horses; animals including fish in tanks, lakes, channels, and rivers; and birds such as herons, cuckoos, swans, ducks, pheasants, peacocks, and parrots were required under Kautilya's system to be protected from all kinds of molestation.

1.3.2 Mines and Forests

There was a special superintendent for mines (KA 233). Mines were to be easily accessible and exploitable at low cost. Kautilya believed in the production of low-value minerals rather than the small production of gold, silver, etc. Productive forests were required to be large. A large number of trade routes were also built. Kautilya always preferred land to water routes. Kautilya's economy gave importance to agriculture, and the superintendent of agriculture had to have knowledge regarding rainfall, seeds, plant preparations, plant protections, crops, etc. Land was divided into several categories: arable crowned land, arable pastures, grazing grounds, and private land. Cultivation of nonprivate land was directly done by the state, suggesting that the land was nationalized. The king also leased the land to sharecroppers.

Forests were divided into productive and nonproductive. Forest products were classified as those useful in medicines and those useful for building ships. Elephants were kept in parts of the forests, whereas other parts were reserved for monks and for recreation. Wildlife sanctuaries were encouraged. Reservoirs were treated as crown properties. Wastelands were also looked over properly. Private farmers were under an obligation to cultivate their lands. Any farmer or tenant who neglected or abandoned the field at the time of sowing or harvesting was punished by forfeiture of the land. Farmers paid an agricultural tax that was one-sixth of the produce. In times of financial stringency, taxes were reduced. Grain was also accepted for tax payment.

The forests were important to the economy as they produced useful material such as hardwood, bamboo, and creepers. There was a separate superintendent for forests. Factories were set up in the forests for producing useful articles.

We conclude this section by noting that KA considered an impressively wide range of issues related to the natural wealth of a nation.

1.4 Management of Human Resources

Hindus had four Varnas related to their occupations or means of livelihood. This was later labeled by non-Hindus as four castes, consisting of Brahmin, Kshatriya, Vaishya, and Shudras. A Brahmin would learn and teach; a Kshatriya (warrior) would engage in battles; a Vaishya (trader)

would buy, sell, and trade in goods; and those who wanted to offer various menial services would serve as Shudras. These respective activities were said to be the dharma of these castes, because according to the ancient usage, dharma meant a way of life. It is incorrect to say that Hinduism requires persons born in the four types of occupations to perform those specific tasks. Every category was treated with compassion. Slaves could be set free by the owners under certain conditions.

The institution of kings and the ideas of a kingdom were embodied partly in Ramayana and Mahabharat because the king was the protector of the earth and his subjects. These scripts laid down some principles based on orderly civil behavior and justice to the weak, women, and citizens in general. Selfemployed craftsmen were allowed to form guilds. The guilds were to guarantee the conduct of their members.

Ancient Hindu texts do not provide details regarding the duties of a king in the context of economic principles. Mahabharata has a lengthy section on Raajadharma in Shantiparvan, but it does not enshrine any economic principles. Considering these lacunae, Kautilya wrote his Arthashastra for the benefit of his disciple and the then-king Chandragupta. Although historians might not agree on details of his association with Kings, we are concerned with his economic ideas. Kautilya's treatise sets forth about six thousand verses describing how a king should behave. Obviously the treatise contains economic principles of wealth and its management.

The management guru Peter Drucker, among others, have explained principles of modern management. It is interesting that Kautilya has written about the very modern concept of 'time management' in the context of a king's time. The verses (KA 1, 18) contain original ideas telling the king how he should divide his 24 hours into 16 periods of 90 minutes and carry on various duties during them, such as attending to his queens, generals, ministers, counselors, etc.

When citizens possess or acquire wealth, some code of conduct involving discipline was necessary to avoid anarchy and to enforce proper usage. Rewards to righteous individuals and punishment of offenders were very important when Kautilya considered the science of political economy. A contribution of Kautilya is that he combines economics with the penal code (Dandneeti, KA 14).

Learned people, intellectual people, brave soldiers, nobles, or those who achieved something remarkable were honored. Thus Kautilya's human resource management included rewards as well as punishments. A civil servant was made permanent only when he performed his task well.

The aged, sick, and handicapped were exempted from working and were given the protection of the state. Monks, nuns, hermits, and Brahmins were also exempted. However, women were allowed to be employed. The total labor force was classified as slaves, bonded laborers, unpaid laborers, and casual laborers working for wages; piece-rate workers; and regular employees and the self-employed. Citizens who could not pay taxes were required to wait for possible concessions. The law on wages and contract employment was very clear. In some cases wages were related to productivity. The relationships among wages, productivity, and incentives for production are seen clearly in the textile industry of the time.

In the Vedic days citizens were divided into four castes (Chaturvaranya). Brahmins were to teach sacred laws and lead a disciplined life. Warriors were to protect and defend the nation. Traders and merchants were to trade, and menial servants were to serve the first three classes. Each class had different rights and different obligations. Brahmins were not supposed to be slaves. It is not clear exactly when slavery came to be practised. A most plausible source is the desire of the wealthy to obtain certain menial services.

Distinct rules and regulations were framed for marriage and child rearing in these four caste classes. Inter-caste marriages were permitted, but the children generally assumed the caste of the lower member if not even lower.

The Hindu society allowed some forms of slavery. Slaves were of four kinds depending on how the slave was acquired: born in the house, inherited, bought, or obtained in some other way (captured, received as a gift, etc.) (KA 21, 313). Slaves were required to work as servants, and all the rules regarding servants applied to them.

The servants were to be treated humanely. However, servants also had the responsibility of obeying their master so as to complete the given work and of asking for proper payment. A servant neglecting or unreasonably avoiding work for which she was paid wages was fined. A servant who was incapable of working, who was suffering from disease, or who was beset with calamities was to be given concessions, and he could allow his substitutes to work for him. The loss incurred by the master owing to any delays was to be made good through overtime work. The rules were applied to the guilds of workmen (today's labor unions).

1.4.2 Punishment for Economic Offenses

The highly centralized Kautilyan state was regulated by an elaborate system of penalties. In fact, Kautilya's treatise gives great importance to the science of punishment (Dandneeti). The aim of punishment was to maintain social order and prevent misbehavior by citizens and civil servants. Exploitation of the public was not tolerated, and causing loss to state revenue was a severe offense.

All punishment imposed was to be just, neither too lenient nor too harsh. No leniency or clemency was to be shown for grave offenses; however, leniency was allowed when offenses were committed in times of natural calamity or by anyone in distress. While corruption was to be severely punished, any official who caused loss to the treasury through ignorance suffered only censure.

The penal code in those days was very important. The rule of law was to guarantee security of life and the welfare of people. Anybody who broke these laws and caused disorder was to be punished. Punishment did not mean torture. Fines were fixed taking into account the customs of the region and the community. However, while the first offense was treated with leniency, subsequent ones were punished heavily. Leniency was to be shown to pilgrims; ascetics; anyone suffering from illness, hunger, poverty, thirst, or fatigue from a journey; and persons from the countryside or foreigners.

The duty of the king was to conduct a good administration. The death penalty was given for a number of grave offenses, such as treason, poisoning, sale of human flesh, murder, parricide,

fratricide, and arson. Where clemency was to be shown, a heavy fine substituted for mutilation of limbs. Witchcraft and black magic were punishable.

The economic sins (crimes) included broadly defined offenses that robbed any other person of happiness, wealth, or property. Vices such as drinking, gambling, and prostitution were also part of economic crimes. Crimes were committed by persons lacking in means to a livelihood and by those who suffered from natural calamities. Kautilya enumerates punishment for various economic sins. Ministers who had the responsibility of protecting the wealth of their king were to see that such economic sins were not committed by citizens. Each ministry looked after sins in its own territory.

1.4.3 Specific Punishments for Various Offenses

Offenses were classified under different heads. Various treasury offenses and the punishment meted out for them are listed below. Frauds included two parties: the culprit and the abettor. These offenses included wrongful sale of gems, sale of articles of high value for low value, purchase of articles of low value for a high price, and sale of prohibited forest produce. Severe fines were levied for such offenses. The manufacturing of counterfeit coins, selling old or unclean grain, and giving short measures while selling goods not in accordance with the specified quality were also punished.

Citizens were not allowed to move after sunset unless for allowable duties and travel. The city guards were responsible for authorized movements of the citizens. They were to report any unusual happenings by humans or animals. Negligence was not tolerated in these matters.

Any misbehavior with women of very high social status was punishable by death. Lower fines were imposed for misbehavior with a slave. Punishments were specified for misbehavior with a free courtesan, an exclusive mistress, or a respectable women according to the degree of immorality of the act.

For stealing deer, cattle, birds, wild animals, or fish caught in nets, the offender was to pay the value of the animal plus an equal amount as a fine. The theft of property of artisans, craftsmen, actors, and ascetics resulted in a fine of one hundred to two hundred panas according to the value of the article. Monetary fines were also imposed for theft of agricultural produce. Robbing a prostitute of her belongings and ornaments resulted in a fine of eight times the amount stolen. Theft at holy places and pickpocketing were severely condemned. For the first offense the thumb and a whole finger of the right hand were to be cut off. For the second offense of the same nature, all four fingers of the right hand were lost; for the third offense the thief had to lose his right hand, and for the fourth offense the penalty was death. Alternatively if the king felt it proper, monetary fines could be substituted for these sentences.

Stealing adult cattle and stealing even from a corpse were prohibited. Concealment or embezzlement of temple property was punished by the blinding of both eyes. In some cases the death penalty was even given. Aiding in a theft or engaging in adultery was severely punished: a nose or ear was cut off, or a fine of five hundred panas was levied. Hiding a thief was not tolerated; giving food or shelter to murderers was treated as a severe offense. Robbery involving violence was punished heavily. Depriving a man or woman of liberty resulted in a fine of one thousand panas.

Sexual offenses included defloration of a virgin or incest, unnatural intercourse, and bestiality. However, if a man rescued a woman from danger, he was given the right to have sexual intercourse with her. The institution of marriage was given high value and preservation of virginity was a virtue. Rapes were looked on with disdain, and even a prostitute was not to be forced to engage in sex against her will. Sexual relations with the wife of a teacher were not tolerated. Incest was prohibited, and punishments of cutting off the penis or testicles or death were enforced. Any man who had sexual relations with the queen was to be boiled alive. Abduction of a virgin with or without her jewelry was punished. Any abnormal behavior, especially in the matter of sex, was not tolerated.

Traders trying to sell merchandise with inherent defects were to be fined. Marriages were treated as solemn contracts, and if the women were not treated properly, punishments were given. Offenses regarding property were punished severely. Robbery, defamation, assault, and gambling were treated as offenses, and punishments were meted out. The punishments were supposed to be neither harsh nor mild, but rather appropriate according to the gravity of the sin/offense.

Kautilya always stressed the point that mild punishments encourage people to commit offenses while severe punishments create unrest. Mild punishments were suggested for the Brahmins because they were supposed to behave according to dharma irrespective of punishments.

Civil and criminal disputes are discussed in detail by Kautilya. The sacred law (Dharmastha) was steeped in justice, and dharma was supposed to settle all disputes fairly. Evidence, character, sacred law, and edicts of kings were the four pillars of law in those days. The duty of the king was to protect the subjects with justice.

Kautilya opined that marriage is the basis of many disputes. He detailed various types of marriages. The property of women was to be protected by the king. The wife was given rights over the property she inherited or which was gifted to her. Rules regarding remarriages were strict. Any woman or a man engaged in amorous sports, drinking, or adultery was to be punished severely. Rape was penalized harshly. Treason, transgression, and wandering without aim were also treated as offenses.

Kautilya's laws were very strict regarding inheritance. Disputes regarding immovable property were also considered seriously. Any wrong deeds involving purchase of property were punished severely. Disputes regarding the boundary between any two villages were properly investigated. The ultimate authority in all such cases was the king.

Destruction of pasture lands, fields, farms, and roads and nonperformance of an agreement regarding a harvest were treated severely. If animals obstructed roads or damaged fields, the owners of the animals were fined. The headman of the village was empowered to punish minor offences. Rules regarding grazing cattle were severe. Breaking of a fence was an offense; in fact, Kautilya mentions at least two hundred types of offenses where regular punishments were meted out. Offenses regarding nonpayment of debts or deposits, pledges, and hypothecation of properties were also documented by Kautilya. Sales of defective merchandise were punished. Sales of bipeds and quadrupeds (birds and animals) were to be in proper form. Sudden and direct seizure of any person or property evoked fines. Calumny, intimidation, and contemptuous talk

were treated as offenses, and fines were imposed.

Kautilya was very clear in his concept of righteous living. Every person was supposed to live honestly and do his duties diligently. If anybody failed to do his duties, the dereliction was to be punished, with the punishment being in proportion to the offense committed. Here also the Brahmins were given the least punishment. (According to Manu, a Brahmin is not to be touched for any offense.) However, Kautilya disagrees and specifically states that Brahmins also ought to be punished for offenses or wrong behavior, but only lightly. For Kautilya, any kingdom or state could live in peace only if the citizens were used to living honestly.

Kautilya was very aware of various forms of corruption. To keep citizens in check and to guard the state from aggressors, the king was supposed to have a system of spies. These spies were to report everything that was unusual or harmful to the sovereign state. They looked into the personal lives of citizens, and even visited places of prostitution to search out any culprits, spies, and thieves hiding there.

Persons who created public disturbances were known as thorns. Three ministers were to be appointed who were to take measures to suppress disturbances to the peace. Actors, musicians, and performers were not to live in cities because they could disturb the civilian life and tempt people into neglecting their own work.

If enemy spies were found to have behaved improperly, they were to be punished. Punishments ranging from a small fine to death have been mentioned in Kautilya's Arthashastra.

1.4.4 Obligations and Rights of Employees in Various Occupations

Kautilya treats bonded laborers (who in some cases were slaves) in detail. The obligations of a bonded laborer, a slave, or a casual laborer were set forth. He also describes the rights and obligations of both employees and employers. If an employer did not allot work to an employee when the employee presented herself for duty, the work was to be deemed as performed and the employee was to be paid properly. Absence from work was not to be paid. An employee had the right to additional compensation if he worked more than what was agreed upon.

In ancient Hindu texts dating before 500 BC, laborers were mentioned as artisans. Each artisan directly or indirectly entered into an agreement as to starting and ending time, wages, and work. Artisans of good character were allowed to accept deposits from others, which could be in-kind or cash. The artisans were divided into guilds according to the nature of their work, such as weavers, watermen, farmers, goldsmiths, blacksmiths, coppersmiths, cobblers, dyers, and priests. The guilds were then responsible for the actions of the individuals.

Kautilya appears to be apprehensive about the role of performing artists, including musicians, actors, and singers. He suspected that they might hurt the harmony among the people. Therefore Kautilya asked them to live outside the borders of the villages.

The minister for merchandise was required to maintain inventory control. Everything that was brought to the royal store or taken out of it was to be properly accounted for and recorded. The minister for commerce was responsible for seeing that the merchants did not charge excessively

high prices. A profit of 5 percent above the fixed cost of local commodities and 10 percent on produce imported from neighboring foreign countries was allowed.

As long as citizens were living in peace, the king and his ministers had some explicit duties to protect them and provide emergency relief, including guarding them from fires, floods, pestilential disease, famines, rats, tigers, serpents, etc. During the summer, household fires for cooking had to be kindled outside the house. Villagers living on the banks of rivers were to evacuate during the floods of the rainy season. They were responsible for providing themselves with shelters using wooden planks, bamboo, etc. Bottle-gourds (humankind's first domesticated plants, which provided food, medicine, and a wide variety of utensils and musical instruments), boats, and tree trunks were to be used to remove the flood-stricken citizens. The boatmen were fully responsible to see that boats were available to take people safely across the river or stream. During famine, the king was to assist his subjects by providing them with good seeds, pesticides, and fertilizers. The farmers were supposed to pay one-sixth of their produce as tax.

Laborers in the state sector were given food according to their family size. Blacksmiths, carpenters, and goldsmiths were paid according to their profession. Farmers were not allowed to sell their products (i.e., crops, vegetables, and flowers) directly to others, but instead had to bring them to the common market. Stealing agricultural produce was punished heavily. We conclude this section by noting that numerous aspects of human resource management was taken seriously in KA.

1.5 Management of the National Economy

Since the national economy relevant for the pre-industrial life during Kautilya's times was vastly different from modern times. Many topics in modern economics including laissez faire, Marxism, Keynesian aggregate demand, Phillips curve, among other are not mentioned in KA. However, KA does mention some ideas on related matters. The artisans were entrepreneurs of those times; see Kautilya's views on trade (KA 216), usury (KA 310), and rate of interest (KA 311).

Most of the national economic activity took place in the villages (janapada). An ideal janapada was one that was easily defended and that had a lot of productive land with cultivable fields, timber forests, elephant forests, and mines. Artisans and craftsmen devoted to work also contributed to the economy.

KA describes the principles of money management, theory of money, interest, and usury in the same manner as did Aristotle. While Aristotle only dealt with the city-states of ancient Greece, Chanakya wrote his book for Chandragupta, who was heading a large empire covering vast areas of India and neighboring countries.

Kautilya understood the nature and importance of trade, commerce, import, and export, as well as the necessity and functions of currency. Today we attribute four functions to money: a medium of exchange, a standard measure of value, a standard of deferred payment, and a means to store value. Kautilya stresses the importance of possession of wealth and the protection of what is possessed, enhancement of possessions, and utilization of possessions for the good of the community and its citizens.

1.5.1 Property Ownership and Transfer

Kautilya dealt in detail with property laws. More importance was given to immovable property. As land was of supreme importance, irrigation was looked upon as an important right. Obstruction in the sale of immovable property, unlawful possession of the property, and disputes regarding boundaries were not tolerated. Strict rules were framed regarding building houses. Any construction was not to annoy the neighbors. The rights of the tenants and the owners have also been described in detail. In the case of owners who could not produce proof of ownership, proof of continuity of possession was compulsory. Owners who neglected their property for 10 years were to forfeit their title. If an owner did not live in his property for 20 years, he had to forfeit his right. Immovable property, such as houses, farms, embankments, tanks, and reservoirs were listed. The evidence from neighbors was given greater importance. Some villages were exempted from tax, but the regular taxpayer was not to enter these special non-tax villages.

Boundary disputes between villages were to be decided by a group from neighboring villages. Natural or accepted manmade boundaries were not to be breached. Elaborate rules were made regarding sale and purchase of property. A public road, including forest paths or roads to cremation grounds, were not to be obstructed. The width of each type of road was to be respected. Strict laws regarding lost property were formed. The owner of a field who neglected the time of sowing was punished.

Any contract entered into in person by anyone with another class, community, or group was to be treated as valid provided that the contract was concluded in a suitable place at a suitable time, in front of witnesses, with all due formalities being observed. Details such as appearance, distinguishing marks, quality, and quantity were to be properly noted down. Any contract made in the absence of the other party, or in a concealed manner, or at night or in a forest with a fraudulent intention was treated as invalid. For wrongful contracts heavy punishments were meted out.

1.5.2 Business Contracts and Ways of Communication

Kautilya (KA 258) mentions contracts and different ways of communication of distinct kinds. He was specific about the language to be used in respect to each contract or communication. According to him, treaties with enemies are regarded as similar to commercial contracts. The person who writes the contract must be acquainted with all kinds of customs, and should be calm and not agitated. The subject matter will have to be arranged in a sweet manner, and it should be brief but complete. Dignity and lucidity are the essential qualities of communication. The facts should be treated in proper order according to their importance. Redundancy should be avoided; choice of words should be proper, and the subject matter should be treated by citing examples, reasons, and illustrations. No colloquial words or phrases should be used, and the quantities ordered should be clearly designated. The Sanskrit word ITI should be used to indicate the completion of the document.

Kautilya also mentions the various ways in which officials can give an order. He lists 13 types including commendation, enquiry, narration, request, columniation (ninda), refusal, censure, command, prohibition, conciliation, promise to help, threat, and persuasion. These are linked with 13 purposes for which orders can be given. Any government order that is clumsy, repetitive, contradictory in its contents is not a good order. Orders should be written on clean leaves (the

use of paper was not common); hence black, ugly, and uneven leaves were not to be used. Writing on the leaves should be colored so as to make it easy to read. The order should use proper gender and numbers. The division of paragraphs should be proper rather than at unsuitable places, which means it should occur according to the specific thought contained in the paragraph.

1.5.3 Prevention of Corruption

Kautilya explains corruption very vividly. There are 40 ways in which corruption can take place. Kautilya believed that all undertakings depend on finance, and foremost attention should be paid to the treasury. Public prosperity, reward for good conduct, punishment for offences, capture of thieves, abundance of harvest, prosperity of commerce, and absence of man-made calamities and troubles are elements to be guarded. Fabrication of accounts, obstruction in obtaining proper revenue, losses to revenue, self-enjoyment, barter of uneven material, and defalcation always deplete the treasury's income. Whenever a government official leases anything for a smaller amount or enhances the expenditure of any item, thereby causing loss of revenue, this is a form of corruption. Also, if the officer enjoys himself or helps others to enjoy whatever belongs to the king, the officer is guilty of corruption. An officer who does not account for the revenue received or shows something as an expenditure when the amount was not expended is also corrupt. A good officer will have to represent the net revenue, with any misrepresentation being treated as defalcation of government revenue.

According to Kautilya official corruption can occur in 40 ways. In particular, twenty-six important ways of embezzlement are mentioned below while the remaining ones, which are minor in nature, are omitted for brevity.

- (1) What is realized is entered later.
- (2) What is realized later is entered earlier.
- (3) What ought to be realized is not realized.
- (4) What is hard to realize is shown as realized. (5) What is collected is shown as not collected in full and shown as collected in part.
- (6) What is collected is of one sort, while what is entered is of another sort.
- (7) What is realized from one source is shown as realized from another source.
- (8) What is payable is not paid, and what is not payable is paid.
- (9) What is not paid in time or what is paid untimely in advance are all ways of corruption.
- (10) What constitutes small gifts are shown as large while large gifts received are shown as small.
- (11) What is gifted is of one sort but what is entered is of another sort.
- (12) The name of the real donee is suppressed and another name is written in his place.
- (13) Raw materials that are not paid are entered as paid. (14) Commodities of greater value are

bartered for those of small value.

(15) The prices of commodities are enhanced or lowered as may be the situation.

(16) The number of work days and workers is increased. (17) Payment to a person other than the rightful one. (18) Incongruity in representing the works turned out. (19) Making use of false weights and measures.

(20) Deception in counting articles.

(21) Discrepancies in months in a year.

(22) Discrepancy in days in a month.

(23) Discrepancy in labor accounts.

(24) Discrepancy in totalling.

(25) Suppression of a purchase.

(26) Though paid in full only a small amount is shown as received.

In all these cases, the persons concerned such as the treasurer, the prescriber, the receiver, and the ministerial servants of the officer are to be held responsible for such offences.

1.5.4 Monetary and Tax Policies

Before 500 BC the economy was predominantly an agrarian one. Kautilya mentions in detail as to how the seeds are to be sown, the plants nurtured, and the pesticides applied. He detailed which crops were to be sown at the beginning of the rainy season, in the midst of the rainy season, or later in the season. The loss of crops was worse than the loss of seeds because if grown crops are burned or destroyed, the labor put in is also lost. Along with agriculture, cattle rearing and trade were important.

Taxes were collected and spent for the welfare of the people. The wealth of the state was the totality of the surplus stored in the king's treasury, the granary, the store for forest produce, the commodity warehouses, and the ordnance depots. The treasury is ranked before the army because the army is dependent on finance. The king was the principal and residual owner of all property. All land in the country not specifically owned by an individual was state property. All water belonged to the king, and users paid a water rate for taking it from irrigation works built by him. Even though in some cases the cost of building a dam or embankment was borne by the citizens, all the fish, ducks, and green vegetables produced in or near such reservoirs was the king's property. If an owner of the property disappeared, ownership automatically passed on to the king. When a person died without heirs, the king inherited the property.

The guiding principles of the administration were that the state should run a diversified economy prudently, profitably, and efficiently. The king was advised to be ever active in the management of the economy because the route of wealth is economic activity. Inactivity brings material distress. Without an active policy, current prosperity and future gains were destroyed. The king was responsible for keeping in good repair all wealth represented by forests, elephant forests, mines, markets, ports, and trade routes.

Taxes were treated as the main source of revenue. These were collected in coins or in kind. There were some categories exempted from taxes.

In the case of manufacturing, importance was given to textiles; salt; jewelry; state-regulated small industries of craftsmen such as goldsmiths, blacksmiths, coppersmiths, weavers, and dyers; and unregulated craftsmen such as potters and basket makers.

The value of coinage was sought to be maintained by stringent punishment for counterfeiting. A special official named as coin examiner had to certify the genuineness of the coins. The monetary policy and the fiscal policy were mingled together. Forest products, animal products, and animal themselves were also treated as money units.

The fiscal policy was indirectly embodied in the duties and responsibilities of various superintendents as are detailed below (KA 2 Entire Book, KA 320, 42, 49, 52). There was one superintendent for each of elephant forestry, treasury, mining and metallurgy, metals, salt, precious metals and jewelry, warehouse, state trading, ordnance, time keeping and surveying, weights and measures, customs and octroi, textiles, crown land, alcoholic beverages, animals and animal slaughter, prostitutes and entertainers, shipping, ports, cavalry, chariots, elephants, infantry, passports, pasturelands, gambling, private trade, jails, and temples.

These superintendents could be classified as those for treasury; for forestry and livestock; for industries; for trade and transport; and for leisure control, movement control, and prisoners. However, these superintendents or officials were not all on the same grade. Kautilya has also detailed their salaries according to the responsibilities given to them. They were to advise the king and follow the precepts enunciated in the Arthashastra.

Manufacturing facilities on any large-scale or modern industry standard did not exist before the Industrial Revolution. Still the manufacturing industry was divided into four categories: making weapons, brewing liquor, producing salt and jewelry, and weaving. Weavers, dyers, potters, and basket makers were in a way part of a small-scale industry. The spinning of yarns was decentralized and was carried out by women. Weaving was decentralized, and work was contracted to weavers on a piecework rate basis. Weaving sheds were specially built. The textile industry then included making ropes, straps, thongs, and equipment meant for animals. Cotton, wool, silk cotton, hemp, flax, silk, and wool from sheep and deer were used in the textile industry. Quilted armor was also a part of this industry.

The manufacture of alcohol (KA 246) was a state monopoly. Only physicians making different kinds of medicines from alcohol were exempted. Liquor was manufactured by the states only at places where there could be consumption. The superintendent of liquor was to look after these activities.

Making salt was a state monopoly, and unauthorized manufacture or sale of salt was severely punished. Salt pans were leased out by the government.

The economic policies in those days treated every aspect of trade, which was the third pillar of economic activity. The state was responsible for improving the infrastructure so that trade could flourish. The trade routes were to be kept free of harassment by courtiers, state officials, thieves, and frontier guards.

Kautilya suspected that most merchants were inclined to be dishonest and that the king had to be vigilant to prevent harassing or cheating of the public. Accordingly, traders were not allowed to

form monopolistic cartels, make excessive profits or deal in stolen properties. Offences in these areas were severely punished by heavy fines. There was a chief controller for private trading. Prices were indirectly controlled by the prohibition of sale of agricultural products at their places of production. Selling the products at places other than the designated markets was punishable. Yet the state was compassionate and did grant appropriate exemptions where a merchant's goods were damaged due to unforeseen circumstances.

There was a separate superintendent for weights and measures (KA 240). Weights and measures used by merchants were periodically inspected. The state was to stamp all the measures, and traders using unstamped measures were punished. There were four sets of weights and measures. The interest of the consumers was protected.

1.5.5 Import and Export Policies

Foreign merchants were encouraged. Traders from outside the state were encouraged to bring their merchandise in the state. Kautilya specifically mentions nearby countries and regions, and imports from these countries were freely encouraged. Ceylon, Barbara, Arcoxia, Burma, Nepal, Gandhar (Afghanistan), Banayu (Persia), Bactria, and Scythia were nations from which goods could be imported. Because the citizens were entitled to enjoy various imported goods not produced in India, Kautilya gave tax exemptions. Foreign merchants were given limited immunity from being sued, and merchants of imported goods were allowed a higher profit margin than merchants of domestic goods.

There was a chief controller for state trading. He was to undertake foreign trade only when there was a surplus in the country and the export could provide some profit. Trading with nearby countries was also used for political or strategic advantage. Kautilya mentions very clearly as to how to calculate the cost of an export transaction. However, export of weapons or valuable materials was prohibited.

Let us conclude the section on management of the national economy by noting that in human and animal welfare, maintenance of a social order provides incentives for increasing economic activity by protection of livelihood. Kautilya mentions protection of the consuming public and weaker sections of society, including prevention of harassment of slaves and prisoners.

1.6 Final Remarks

The ancient Hindu thinking regarding economics, developed long before the industrial revolution, was sophisticated and remarkably comprehensive. It encompassed a mixed and regulated economy which mingled the public and private sectors. During Kautilya's time circa 300 BC, the "greatest good of the maximum number of citizen" was clearly his focus, although he did not use the modern terminology. Hence, Kautilya was perhaps one of the first socialists who advocated that the state should care for the welfare of its subjects and encourage foreign trade. However, Kautilya does not seem to elaborate on education and health care for the people, which have lately become major concerns for the state. He was also the first extreme free trader in the sense that far from imposing tariffs on foreign products, he gave them special concessions and higher profit margins.

It is interesting that Kautilya gave detailed attention to cultural factors, preservation and growth

of natural resources, human capital, and various forms of tax and monetary policies to preserve the right incentives to create wealth at home and encourage foreign trade. He seems eager not to provide economic freedom, in the sense that he was vigilant against granting unlimited discretion to regulators leading to corruption, and punished cheating by merchants who used false weights and measures. The detailed list of 40 possible sources of corruption is intriguing, as are many other insights on a whole range of concepts, including what modern terminology refers to as protection of the wilderness and of endangered species.

This chapter reflects the study of Kautilya's original Sanskrit text of Arthashastra with its six thousand verses (KA 1-1-18). It is impossible to summarize it in one chapter here. Having studied the original Sanskrit text, this chapter attempts to give a broad glimpse of the ideas advocated by Kautilya. Knowing the great effort needed to compose in Sanskrit, I must admit to feeling a certain sense of awe and humility at the depth of his forward thinking, some of which remains relevant even today.

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[Added in Proof by the Editor:

Readers interested in more extensive list of references on the vast literature dealing with Kautilya and Western philosophers will find them in subsequent chapters, especially those by Sihag and Nadkarni. They are omitted here for brevity]

Chapter 2

Kautilya on Prudence, Protection, and Prosperity

Balbir S. Sihag*

2.1 Introduction

“He who has wealth has friends, relatives, he counts in the world as a person and deemed a scholar. Wealth is caste, wealth is beauty, wealth is learning, wealth is fame, what can those deprived of wealth (and hence of life and qualities) aspire for?” Kautilya ([4th century BC] 2000b, p. 97)

Kautilya understood the concept of human security although he did not use this jargon. He advanced a very comprehensive definition of this concept and suggested practical measures to actualize it. He believed that every individual desired freedom from fear of an attack by a foreign army or an intruder, along with material well-being to gain freedom from want and to maintain his or her personal dignity. That is, according to Kautilya, protection and prosperity were both necessary and sufficient for enjoying life to the fullest, and dignity, empowerment, etc. were redundant. He argued that the protection and prosperity components of human security⁴ reinforced each other: either a country or an individual would have both or none, which implies that the current debate as to which definition of human

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security is more appropriate is not productive. Kautilya suggested an exhaustive list of measures to reduce the probability of an attack by an enemy. He recommended: (1) building forts, (2) raising a large army, (3) setting up an intelligence gathering and analysis unit, and (4) undertaking diplomatic initiatives. He considered national security as a subset of the freedom-from-fear component of human security. He envisioned a society free from crimes. He called criminals “social thorns,” and suggested legal measures to remove them. Thus, his objective was ensuring full freedom from fear.³

Kautilya advanced a people-centric approach to human security. According to him, it was a king’s moral duty as well as in the king’s self-interest to enrich his subjects. The king could win public support only by eliminating poverty. Kautilya suggested establishment of private property rights and providing incentives to private investment, public infrastructure, clean and efficient administration, and judicial fairness for promoting economic growth and preventing internal strife. He had the foresight to apprehend the potential threats arising from fire, floods, famine, and disease, and suggested measures to reduce their probability and appropriate measures to provide relief if they still occurred.

Kautilya understood that protection and prosperity were endogenous variables. He proposed a mixed economy. He assigned provision of national security; maintenance of law and order; and care of the sick, elderly, and poor to the public sector. He also suggested growth-oriented economic policies.

Section 2 provides a brief introduction to Kautilya and his Arthashastra. The concept of protection included elimination of all threats (both external and internal) to every individual (i.e., sovereignty and absence of internal strife and crimes). Kautilya had advanced a very comprehensive concept of human security during the fourth century BC. However, the 1994 Human Development Report of UNDP deserves credit for its reemergence. Machiavelli's² approach to security may be labeled state-centric whereas Kautilya focused on people. These ideas are presented in section 3. At that time there was no such thing as "live and let live." Any king, particularly a weak one, was always vulnerable to an attack by a stronger king. Kautilya discussed at length how a king could reduce the probability of an attack, and if attacked, how he could minimize the loss. Kautilya was aware of budget constraints whereas the current discussion on the definition of human security ignores this. Section 4 presents Kautilya's conceptual framework for handling risk arising from a threat of foreign aggression. Finally, section 5 contains a few concluding observations.

2.2 A Brief Introduction to Kautilya and His Arthashastra

Vishnugupta Chanakya (son of Chanaka) Kautilya was addressed as an Acharya (professor) and statesman. Alexander came all the way to the northern part of India but left without making any impact. Soon after that, with a very effective combination of Kautilya's knowledge and wisdom and Chandragupta Maurya's valor, the tyrannical and corrupt Nanda Dynasty of Magadha was toppled and Chandragupta Maurya became the king. He considered Kautilya as his mentor, not just hired help; that is, assignment of any designation, such as adviser, minister, or prime minister to him would be incorrect. Because Chandragupta Maurya knew that without Kautilya's knowledge and wisdom, not only could he not have removed King Nanda, but he also could not survive for too long as a king. Kautilya had a vision of a secure, stable, safe, fair, and prosperous nation encompassing the whole of the Indian subcontinent. But there was a large gap between his vision and the kingdom he and the king inherited from the Nanda Dynasty. Kautilya devised ethical and efficient policies, along with practical measures for their effective implementation, to give shape to his vision. He wrote the Arthashastra sometime during the last half of the fourth century BC. Kautilya described his work as: "This Arthashastra is a compendium of almost all similar treatises, composed by ancient teachers, on the acquisition and protection of territory. Easy to grasp and understand, free from verbosity, Kautilya has composed this treatise with precise words, doctrines and sense (1.1)" ([4th century BC] 1992, p. 99). His Arthashastra essentially is a treatise on protection and prosperity.

The work has 150 chapters, which are distributed among 15 books.¹ Books 1 and 2 focus on devising efficient economic policies and economic administration. Book 8 lists all the potential natural and man-made calamities and suggests both preventive measures to minimize the probability of occurrence of each calamity and remedial ones if a loss still occurs. Books 3 and 4 discuss the importance of judicial fairness and prevention of crimes. Books 6, 7, 9, 11, and 12 primarily concentrate on foreign affairs, while Books 10 and 13 are concerned with issues related to war. Interestingly, "The Method of Science," is placed at the end rather than at the beginning of the Arthashastra.

Kautilya covers a wide range of topics such as economic growth; taxation; government expenditure; administration; crime and punishment; property, consumer protection, and labor laws; foreign trade; war and peace; principal-agent problems; minimization of risk through

diversification; and many others. Essentially, anything related to the wealth and welfare of the state and its citizens is covered in the Arthashastra. He summarizes its scope as: “The science by which territory is acquired and maintained is Arthashastra—the science of wealth and welfare (15.1)” ([4th century BC] 1992, p. 100). Thus according to Kautilya, the scope of economics is more like that of contemporary economics; that is, it is limited only by one’s imagination. However, it took more than two thousand years to restore its original scope.

To a large extent my interpretations are based on L. N. Rangarajan’s translation of the Arthashastra (Kautilya [4th century BC] 1992), but in a few cases they are based on R. P. Kangle’s translation (Kautilya [4th century BC] 2000a). Kautilya (popularly known as Chanakya) also completed two other works: Chanakya-Sutras (Rules of Science) and Chanakya-Rajanitisastra (Science of Government Policies), and a few quotes from them are taken from V. K. Subramanian’s translation (Kautilya [4th century BC] 2000b).

2.3 Kautilya’s Concept of Human Security “Every age has its myths and calls them higher truths.” (Fearnley).

2.3.1 Reemergence of the Concept of Human Security

During the Cold War, the emphasis was on national security, which included protection of the sovereignty, interests, and values of a state. With the falling of the Berlin Wall, emphasis shifted to human security, which includes freedom from fear as well as freedom from want (i.e., national security, economic security, and safety). However, Kautilya had advanced this broader concept of human security during the fourth century BC.

2.3.2 Kautilya on Freedom from Fear of an Aggression

Kautilya believed that freedom from fear of an aggression was a prerequisite for economic prosperity. So he gave the highest priority to sovereignty because only freedom from foreign rule allowed the freedom to pursue economic and spiritual goals. He argued, “A foreign king, on the other hand, is one who has seized the kingdom from a legitimate king still alive; because it does not belong to him, he impoverishes it by extravagance, carries off its wealth or sells it. If the country becomes too difficult for him to handle, he abandons it and goes away (8.2)” ([4th century BC] 1992, p. 175). He added, “Harassment by the enemy’s army not only affects the whole country but also ruins it by plunder, slaughter, burning and destruction (8.4)” (132). Therefore, he stressed, “An enemy’s destruction shall be brought about even at the cost of great losses in men, material and wealth (7.13)” (541).

2.3.3 Kautilya on Crime Prevention

He wrote, “A king who observes his duty of protecting his people justly and according to law will go to heaven, whereas one who does not protect them or inflicts unjust punishment will not. It is the power of punishment alone, when exercised impartially in proportion to the guilt, and irrespective of whether the person punished is the King’s son or an enemy, that protects this world and the next. (3.1)” ([4th century BC] 1992, p. 377).

Kautilya pointed out, “There are thirteen types of undesirable persons who amass wealth secretly by causing injury to the population. [These are: corrupt judges and magistrates, heads of villages or departments who extort money from the public, perjurers and procurers of perjury, those who

practice witchcraft, black magic or sorcery, poisoners, narcotic dealers, counterfeiters and adulterators of precious metals]. When they are exposed by secret agents, they shall either be exiled or made to pay adequate compensation proportionate to the gravity of the offense (4.4)” ([4th century BC] 1992, p. 221). He called them “anti-social elements.”

Sihag (2007d, 375) concludes, “Kautilya’s goal was to attain a crime-free society but “the removal of thorns” was to be achieved only by resorting to legal means. He proposed a judicial system, which had built-in-fairness and crime deterrence. If a crime was not solved, the king had to compensate the victim.”

2.3.4 Kautilya on a People-Centric Approach

According to Kautilya, a king was a loyal servant of his royal public. Kautilya wrote, “In the happiness of his subjects lies his happiness; in their welfare his welfare. He shall not consider as good only that which pleases him but treat as beneficial to him whatever pleases his subjects (1.19)” ([4th century BC] 1992, p. 149). He stated, “Of all the qualities of land, the best is affording shelter. As between land providing the protection of forts and one providing the support of people, the latter is preferable for it is the people who constitute a kingdom. Like a barren cow, a kingdom without people yields nothing (7.11)” (620).

2.3.5 Kautilya on Freedom from Want (Economic Security)

Kautilya said, “Poverty is death, while living.” ([4th century BC] 2000b, p. 50). He reminded the king that it was the king’s moral duty as well as in his own self-interest to bring prosperity to his subjects. Kautilya informed the king that his survival as a king depended on public support, which could be earned only by bringing prosperity to the people and ensuring judicial fairness. As Kautilya explained, “When a people are impoverished, they become greedy; when they are greedy, they become disaffected; when disaffected, they either go to the enemy or kill their ruler themselves (7.5)” (159) He recommended, “Therefore, the king shall not act in such a manner as would cause impoverishment, greed or disaffection among the people; if however, they do appear, he shall immediately take remedial measures (7.5)” (159) He observed, “When a strong but unjust king is attacked, his subjects will not come to his help but will either topple him or go over to the attacker. On the other hand, when a weak but just king is attacked, his subjects will not only come to his help but also follow him until death (7.5)” (573).

2.3.6 Kautilya on Helping the Public during Calamities

He believed, “It is the duty of the king to protect the people from all calamities (4.3)” ([4th century BC] 1992, p. 128). He continued, “Whenever danger threatens, the king shall protect all those afflicted like a father [protects his children] (4.3)” (128). In the situation where a tax exemption granted to encourage investments on land had expired, he (180) recommended to the king: “He shall, however, treat leniently, like a father [would treat his son], those whose exemptions have ceased to be effective (2.1)” (180).

2.3.7 Kautilya on Welfare and Supplemental Income Payments

Kautilya suggested that “King shall maintain, at state expense, children, the old, the destitute, those suffering from adversity, childless women and the children of the destitute women (2.1)”

([4th century BC] 1992, p. 182). He added, “If a government servant dies while on duty, his sons and wives shall be entitled to his salary and food allowance. Minor children and old or sick relatives shall be suitably assisted. On occasions such as funerals, births or illnesses, the families of the deceased government servants shall be given presents of money and shown honor as a mark of gratitude to one who died in the king’s service (5.3)” (293). He also stated, “The judges themselves shall take charge of the affairs of gods, Brahmins, ascetics, women, minors, old people, the sick and those that are helpless [e.g., orphans], [even] when they do not approach the court. No suit of theirs shall be dismissed for want of jurisdiction, passage of time or adverse possession (3.2)” (385).

2.3.8 Good Institutions and Governance

Kautilya emphasized establishing good institutions (rules of the game) and good governance. Sihag (2007a) presents a detailed analysis on Kautilya’s thoughts on good institutions and governance.

2.3.9 Prevention of Famines (Providing Job Security)

Agriculture was the main activity. A drought caused large-scale unemployment. Sihag (2010) presents Kautilya’s ideas on how to reduce the probability of a drought and suggestions related to remedial measures so that it does not turn into a famine.

2.3.10 Remedial Measures against Floods and Diseases

Kautilya suggested, “Persons carried away by floods shall be rescued using guards, skin bags, tree trunks, boats and thick ropes. Owners of canoes shall be punished if they do not try to save someone in danger. The following shall be called upon to counteract diseases and epidemics affecting human beings: physicians by using medicines, ascetics by purificatory or expiatory rites and experts by occult means (4.3)” ([4th century BC] 1992, p. 130).

2.3.11 A Comparison of Kautilya’s Machiavelli’s The Prince

Numerous writers have incorrectly Arthashastra to Machiavelli’s The Prince. However, Ray (1999, 81) puts Kautilya’s recommendations in the proper perspective. He remarks, “The Prince was written with the intention of advising the king how to maintain his rule. The aims of the Arthashastra are yogakshema and raksana of the subjects.”

Wants are unlimited, but resources are limited: that is Economics 101. This means prioritization of wants is required. However, the UNDP Report does not provide any guidance as to how to prioritize wants. Second, most states try to ensure both freedom from fear and freedom from want, and there are only a few states that violate human rights and should be treated separately.

Arthashastra and compared Kautilya’s

2.4 Kautilya’s Conceptual Framework for Enhancing Human Security

Kautilya recommended to the king that he should take both preventive and remedial measures to reduce the impact of a calamity. He stated, “In the interests of the prosperity of the country, a king should be diligent in foreseeing the possibility of calamities, try to avert them before they

arise, overcome those which happen, remove all obstructions to economic activity and prevent loss of revenue to the state (8.4)”([4th century BC] 1992, p. 116)

2.4.1 Self-Protection Measures against Foreign Aggression

Kautilya suggested an exhaustive list of measures to reduce the probability of an attack by an enemy. He recommended: (1) building forts, (2) building a large army and armor, (3) setting up an intelligence gathering and analysis unit, and (4) undertaking diplomatic initiatives. These are discussed in turn.

2.4.1.1 Building Forts

Kautilya suggested to the king, “On the frontiers, he shall construct fortresses under the command of frontier chiefs to guard the entrances to the kingdom. The area between the frontier forts and the settled villages shall be guarded by trappers, archers, hunters, Candalas and forest tribes (2.1)” ([4th century BC] 1992, p. 179). He recommended to the king, “If he lacks [physical] protection, he shall build an impregnable fort (7.14)” (658). He then added, “In times of trouble, the fort provides a haven to the people and the king himself (7.14)” (658).

2.4.1.2 Maintaining Elephant Forests

Kautilya stated, “Some teachers say that land with productive forests is preferable to land with elephant forests, because a productive forest is the source of a variety of materials for many undertakings while the elephant forests supply only elephants. Kautilya disagrees. One can create productive forests on many types of land but not elephant forests. For one depends on elephants for the destruction of an enemy’s forces (7.11)” ([4th century BC]1992, 620).

2.4.1.3 Establishment of Intelligence Administration

His advice to a king was: “No enemy shall know his secrets. He shall, however, know all his enemy’s weaknesses. Like a tortoise, he shall draw in any limb of his that is exposed (1.15)” ([4th century BC] 1992, p. 177).

Kautilya suggested, “A king shall have his own set of spies, all quick in their work, in the courts of the enemy, the ally, the Middle, and the Neutral kings to spy on the kings as well as their eighteen types of high officials (1.12.20)” ([4th century BC] 1992, p. 506). He added, “He shall always station envoys and clandestine agents in all states of the circle. These shall cultivate those acting against the interests of the conqueror and, while maintaining their own secrecy, destroy repeatedly such inimical persons (7.13).” He also cautioned, “The enemy can ascertain the strength of the conqueror’s army by counting it when they march in single file or from the quantity of fodder, food and bedding, or from the number of cooking fires, banners and weapons the army carries. Therefore, all of these shall be kept well hidden (10.2)” (710). He suggested, “On the way to the place of his mission, the envoy shall: (i) establish good contacts with jungle chiefs, frontier officers, chief officers of the cities and countryside; (ii) observe, both the territory of his own king and that of the other king, the places suitable for stationing troops, fighting, support facilities and fall-back positions; and (iii) find out the size and extent of the other king’s territory and forts, the strength of the economy, and the strong and weak points in its defenses (1.16)” (576–77).

2.4.2 Work Assignment

Intelligence agents would perform the following tasks: “(i) neutralize the principal officers who, though living by service under the king, work for the enemy; (ii) keep under surveillance people of the country who are likely to fall prey to the incitement of the enemy; (iii) wage psychological warfare against the enemy; and (iv) weaken the enemy (5.1.3)” ([4th century BC] 1992, p. 507).

2.4.2.1 Diplomatic Initiatives

Kautilya recommended, “When the benefit accruing to kings under a treaty, irrespective of their status as the weaker, equal or stronger king, is fair to each one, peace by the agreement shall be preferred course of action; if the benefits are to be unfairly distributed, war is preferable (7.8)” ([4th century BC] 1992, p. 568). This is also clear from another statement in which Kautilya asserted, “That which entails small losses is a gain by diplomacy rather than by war (9.4)” (635).

2.4.3 Self-Insurance for Minimization of Loss

There were constant threats at that time from wars and famines. Kautilya recommended, “Appropriate quantities of the following, enough for a number of years consumption, shall be kept in storage: oils, grains, sugar, salt, perfumery, medicines, dried vegetables, fodder, dried meat, hay, firewood, metals, hides, charcoal, gut, poisons, horns, bamboo, yarn, strong timber, weapons, shields and stones. Old items in storage should be constantly replaced by new ones (2.4)” ([4th century BC] 1992, 193).

Kautilya also recommended, “When attacked by a strong king, a weak king shall seek the protection of a king who is stronger than the aggressor and who cannot be swayed by the diplomacy of the aggressor trying to outmanoeuvre the weak king (7.5)” ([4th century BC] 1992, p. 664). He added, “If a weak king cannot find any other king to protect him, he shall seek shelter in a fort; it shall be such that the aggressor, even with a large force, cannot cut off supplies of food, fodder, fuel and water and shall be so impregnable that the aggressor will suffer heavy losses and expenses if he tries to take it (7.15)” (665).

Kautilya suggested: In negotiating for peace the weak king shall successively offer a quarter more of money and arms each day until the offer is accepted. If the weak king seeks peace on condition of surrendering a portion of his forces and the offer is accepted, he shall give dull and cowardly elephants and horses; if he has to give active and energetic animals, a long-acting poison shall be administered to them. If peace is sought on condition of paying money, the weak king shall give articles of high value for which there are no buyers, or forest produce that is unfit for use in war. If the condition is surrender of land, weak king shall give land that can be easily recovered, which has permanent enemies, which provides no shelter or which can only be settled with heavy losses and expenses (12.1). ([4th century BC] 1992, pp. 668–69)

2.4.4 Kautilya on Constrained Optimization

Kautilya understood not only the concept of optimization subject to constraints, but the means of accomplishing the task. He stated, “The five aspects of deliberating on any question are: (i) the objectives to be achieved; (ii) the means of carrying out the task; (iii) the availability of men and material; (iv) deciding on the time and place of action; and (v) contingency plans against failure

(1.15)” ([4th century BC] 1992, pp. 199–200).

Specification of an objective and the phrase “availability of men and material” clearly establish optimization subject to constraints. Of course, the nonavailability of calculus or the method of Lagrange multipliers would not allow him to undertake any formal analysis. Kautilya explained the phrase “means of carrying out” as “Of the four means of dealing with dangers, [conciliation, placating with gifts, sowing dissension and use of force], it is easier to employ a method earlier in the order (9.6)” ([4th century BC] 1992, p. 166).

The following formulation makes his implicit analysis explicit. $EU = U^0[X] + P(I, m_1)U^1[Z] + (1 - P(I, m_1))U^2[Y^1(K_0 + I) + m_2] + \lambda[tY_0 - m_1 - m_2 - I]$ (2.1) Subject to the budget constraint:

$$T = tY_0 = m_1 + m_2 + I \quad (2.2)$$

Where $X = [Y_0 - m_1 - m_2 - I]$, and $Z = [Y^1(K_0 + I) - L(m_2)]$, $S = [Y^1(K_0 + I) + m_2]$. Differentiating with respect to m_1 , m_2 and I we get the following:

$$\frac{\partial EU}{\partial m_1} = -U^0 + P^1(m_1, I)\{U^1[Z] - U^1[Y^1(K_0 + I) + m_2]\} = \lambda \quad (2.3)_1$$

$$\frac{\partial EU}{\partial m_2} = -U^0 + P(m_1, I)L^1U^1 + (1 - P(m_1, I))U^2 = \lambda_{111} \quad (2.4)$$

$$\frac{\partial EU}{\partial I} = -U^0 + P^2(m_1, I)\{U^1[Z] - U^1[Y^1(K_0 + I) + m_2]\} +$$

P

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1

$, I$

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U

$^1Y^1 + (1 - P(m_1, I))U^2Y^1$

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$= \lambda P^2(m_1, I) = \partial P / \partial I, P^1(m_1, I) = \partial P / \partial m_1 < 0, (2.5)$

$$L^1 = \partial L / \partial m_2 < 0, U^0 = \partial U^0 / \partial m_1 > 0, _1$$

$$U^1 = \partial U^1 / \partial Z > 0, _1$$

$$U^2 = \partial U^2 / \partial S > 0, _1$$

$$Y^1 = \partial Y^1 / \partial I > 0. (2.6)_1$$

Where tY_0 = tax revenue, $P(I, m_1)$ = probability of an aggression by an enemy, m_1 = measures undertaken for a reduction in the probability of an aggression (such as building a fort, raising an army, investing in armor, increasing the number of elephants, using wise advisers, and building cash reserves of gold and silver for offering monetary incentives to the enemy to stop aggression, I = growth-oriented investment for keeping the public happy, L = loss of income in the absence of any remedial measures resulting from the occurrence of an aggression, (m_2) = reduction in the

loss through remedial measures (such as the creation of buffer stocks of essential commodities), and K_0 = initial capital.

Kautilya intended to ensure freedom from fear. The marginal benefit from self-protection measures results from lowering the probability of an attack by a foreign king or an intruder. This is captured by the expression: $P^1(m_1, I)\{U^1[Z] - U^1[Y^1(K_0 + I) + m_2]\}$. Similarly, the marginal benefit from self-insurance measures results from reducing the loss, and is expressed as: $-P(m_1, I)L^1U^1 + (1 - P(m_1, I))U^2$.

Kautilya understood the importance of capital formation to economic prosperity. He observed, “In the absence of fruitful economic activity, both current prosperity and future growth are in danger of destruction. A king can achieve the desired objectives and abundance of riches by undertaking productive economic activity [1.19.35–36]” ([4th century BC] 1992, p. 159). He identified two sources of benefits from investment: keeping the public happy by raising future income, as expressed by: $P(m_1, I)U^1Y^1 + (1 - P(m_1, I))U^1Y^1$. Also higher income meant higher future tax revenue, $R = tY^1$, which could be used to provide more security and prosperity to the public. Second, a potential enemy would think twice about attacking a country whose citizens were satisfied, which would thus lower the probability of an attack. This is indicated by $P^2(m_1, I)\{U^1[Z] - U^1[Y^1(K_0 + I) + m_2]\}$. According to Kautilya, freedom from fear and freedom from want were realized simultaneously.

Eliminating λ gives the first order condition as:

$$\begin{aligned}
 & [P^1(m_1, I)\{U^1[Z] - U^1[Y^1(K_0 + I) + m_2]\}] = \\
 & - \\
 & P \\
 & (\\
 & m \\
 & 1 \\
 & , I \\
 &) \\
 & L \\
 & 1U^1 + (1 - P(m_1, I))U^2 \\
 & 11 \\
 & = P^2(m_1, I)\{U^1[Z] - U^1[Y^1(K_0 + I) + m_2]\} + P(m_1, I)U^1Y^1 + (1 - P(m_1, I))U^1Y^1 \quad (2.7)_{1111}
 \end{aligned}$$

This is a standard maximization condition that the marginal benefits from the last pana (a rectangular-shaped silver coin used as unit of account and medium of exchange) spent on self-protection measures were to be equal to those of self-insurance measures. Kautilya’s model offers several insights. First, Kautilya advised that “a king should be diligent in foreseeing the possibility of calamities, try to avert them before they arise, overcome those which happen”; that is, a ruler or decision maker must possess foresightedness. According to Kautilya, a one-period analysis was not appropriate to handle any systemic risk, such as an aggression. Because a country could not raise and train an army while under attack,⁵ it had to be prepared in advance of an aggression. Second, he understood the implications of a budget constraint: due to scarce resources, everything could not be done. That is, UNDP’s approach to human security has very

limited usefulness because it does not recommend any prioritization of the various undertakings. Third, self-insurance is of two types: (1) resources are used up whether or not there is adversity, and (2) resources are not used up if there is no adversity. Kautilya appropriately considered the second type because the country still had the buffer stocks of essential commodities if there was no aggression. He recommended that “old items in storage should be constantly replaced by new ones” so that stored items remained in good condition. Essentially, he treated buffer stocks like precautionary savings.⁶ Note this distinction is important while comparing self-insurance and market insurance because an individual pays the premium and does not get it back even if there is no loss. Moreover, no market insurance is available against systemic risk. There are a few interesting cases for a risk-neutral country (see the appendix).

2.5 Conclusion

Kautilya not only advanced the concept of human security but suggested practical measures to make it a reality. He believed that it was a king’s moral duty as well as in the king’s own interest to bring prosperity to his citizens and protect them against foreign aggression, natural and man-made calamities, adversities, and vices. Keith Krause (2005, 6) concludes, “And if the 20th century can be characterized as the century of the ‘the national security,’ perhaps the 21st will unfold under the sign of human security.” The concept of human security is more than two thousand years old, but its provision to every citizen of the world should not take that long. Despite the possibility of large gains from true globalization, often goodwill stops at national boundaries. Developed countries should help the poor nations in ensuring human security to their citizens (a detailed discussion on freedom from fear is provided in my forthcoming book. There are six chapters on this topic).

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Appendix

Toshihiro Ihori and Martin McGuire (2008) put heavy importance on foresightedness in understanding the interaction between self-protection and self-insurance measures. However, their one-period model does not permit the incorporation of a second type of foresightedness: to take preventive and remedial measures way before the adversity strikes. They specify the following one-period model (equation (7)):

$W = p(m_1)U^1[Y - m_1 - \pi m_2] + (1 - \pi(m_1))U^0[Y - m_1 - (L - m_2)]$ Maximization with respect to m_2 gives

$$-p\pi U^1 + (1 - p)U^0 = 0$$

For a risk-neutral individual $U^1 = U^0$, that leads to the following condition:

$$P/(1 - P) = \pi$$

Where π = insurance premium rate, which clearly would change if P changes.

A few remarks are in order. First, as mentioned above at note (5), a one-period analysis is inappropriate. Second, selfinsurance measures are of two types: one is like buffer stocks (or medical savings accounts), which do not get used if a disaster does not occur (or if one does not

become sick). This is very different from market insurance because the insured never gets any money back even if he or she stays healthy. That is, market insurance should be compared only with those self-insurance measures that are lost even if they are not used. Third, there is no market insurance available for covering a systemic risk, such as an aggression, and any discussion regarding the complementarity or substitutability between market insurance and self-insurance measures would be inappropriate. Fourth, market insurance for a nation is very different than for an individual. An individual does not get the premium back, but for a nation someone (the insurance company), who is a national citizen, does get it. Fifth, as shown below, the interaction between self-protection and self-insurance measures depend on the type of self-insurance measures.

Kautilya's two-period model, for a risk-neutral ruler (or an individual), would amount to maximizing expected income under two situations as follows:

(i) Precautionary funds such as buffer stocks (or medical savings accounts) were not used up:

$$E(Y) = [Y_0 - m_1 - \pi m_2 - I] + P(I, m_1)[Y^1(K_0 + I) - L(m_2)] + (1 - P(I, m_1))[Y^1(K_0 + I) + \pi m_2] \quad (2.8)$$

Maximization with respect to m_2 gives $-L^1(m_2)$ (marginal benefit) = 1 (marginal cost). There is no interaction between m_2 and m_1 , that is, changes in P (which depend on self-protection measures) do not affect the amount allocated to self-insurance measures.

(ii) However, if like market insurance precautionary funds are not available, then the first order condition is: $-P L^1(m_2)$ (Expected marginal benefit) = π (Marginal cost).

In this case, there is an interaction between m_1 and m_2 because changes in P would affect π and the amount allocated to self-insurance. Ihori and McGuire do not realize that their findings, in general, may not hold.

Case (B): There is a budget constraint

Almost all studies on self-protection and self-insurance measures ignore budget constraints.

Incorporation of a budget constraint results in maximizing the following specification:

$$E(Y) = [Y_0 - m_1 - m_2 - I] + P(I, m_1)[Y^1(K_0 + I) - L(m_2)] + (1 - P(I, m_1))[Y^1(K_0 + I) + m_2] + \lambda[t.Y_0 - m_1 - m_2 - I] \quad (2.9)$$

The first order condition is:

$$-(L^1(m_2) + 1) = \lambda/P$$

There is an interaction between m_1 and m_2 . If buffer stocks are lost even without an adversity, the first order condition is:

$$-(P L^1(m_2) + 1) = \lambda$$

There is an interaction between m_1 and m_2 . As expected, under a budget constraint the interaction between self-protection and self-insurance measures does not depend on the type of self-insurance measures.

Notes

1. Kautilya (2000a, Part II, pp. ix–xvi) provides the following table of contents:

Book 1: Concerning the Topic of Training (21 chapters).
 Book 2: The Activity of the Heads of Departments (36 chapters).
 Book 3: Concerning Judges (20 chapters).
 Book 4: The Suppression of Criminals (13 chapters).
 Book 5: Secret Conduct (six chapters).
 Book 6: The Circle of Kings as the Basis (just one chapter).
 Book 7: The Six Measures of Foreign Policy (18 chapters).
 Book 8: Concerning the Topic of Calamities (five chapters).
 Book 9: The Activity of the King About to March (seven chapters).
 Book 10: Concerning War (six chapters).
 Book 11: Policy Towards Oligarchies (two chapters).
 Book 12: Concerning the Weaker King (five chapters).
 Book 13: Means of Taking a Fort (five chapters).
 Book 14: Concerning Secret Practices (four chapters).
 Book 15: The Method of Science (just one chapter).

2. Machiavelli on Freedom from Fear for the Ruler : Niccolo Machiavelli ([1513]. 1994, Ch. 19, p. 56) observes, “For rulers ought to be afraid of two things: Within the state, they should fear their subjects; abroad, they should fear other rulers. Against foreign powers, a good army and reliable allies are the only defense; and, if you have a good army, you will always find your allies reliable.” He adds, “But where your subjects are concerned, when you are not being attacked by foreign powers, you have to be wary of secret conspiracies. The best protection against these is to ensure you are not hated or despised, and the people are satisfied with your rule” (56–57). Machiavelli on the Importance of Good Governance : Machiavelli ([1513], 1994, Ch. 19, p. 58) observes, “I conclude, then, that a ruler need not worry much about conspiracies as long as the people wish him well; but if the people are hostile to him and hate him, then he should fear everything and everyone. States that are well-governed and rulers who are wise make every effort to ensure the elite are not driven to despair, and to satisfy masses and keep them content; for this is one of the most important tasks a ruler must set himself.”

Machiavelli ([1513] 1994, Ch. 21, p. 70) further observes, “A ruler should also show himself to be an admirer of skill [virtue] and should honor those who are excellent in any type of work. He should encourage his citizens by making it possible for them to pursue their occupations peacefully, whether they are business men, farmers or engaged in any other activity, making sure they do not hesitate to improve what they own for fear it may be confiscated from them, and they are not discouraged from investing in business for fear of losing their profits in taxes; instead, he should ensure that those who improve and invest are rewarded, as should be anyone whose actions will benefit his city or his government.”

3. Adam Smith on Freedom from Fear : He (1776/1976, Book IV, vol. 2, Ch. IX, pp. 208–09) wrote, “According to the system of natural liberty, the sovereign has only three duties to attend to; three duties of great importance, indeed, but plain and intelligible to common understandings: First, the duty of protecting the society from violence and invasion of other independent societies; secondly, the duty of protecting, as far as possible, every member of the society from the injustice or oppression of every other member of it, or the duty of establishing an exact administration of justice; and, thirdly, the duty of erecting and maintaining certain public works and certain public institutions, which it can never be for the interest of any individual, or small number of individuals, to erect and maintain; because the profit would never repay the expense to any individual or small number of individuals, though it may frequently do much more than

repay it to a great society.”

Adam Smith on Freedom from Wants : He remarked, “This disposition to admire, and almost to worship, the rich and powerful, and to despise, or, at least neglect persons of poor and mean conditions, though necessary both to establish and to maintain the distinction of ranks and the order of society, is, at the same time, the great and most universal cause of the corruption of our moral sentiments” (Smith [1790] 1982, Book I, Ch. III.1, p. 61).

He also stated, “Servants, labourers, and workmen of different kinds, make up the far greater part of every great political society. But what improves the circumstances of the greater part can never be regarded as an inconveniency to the whole. No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable. It is but equity, besides, that they who feed, clothe, and lodge the whole body of the people, should have such a share of the produce of their own labour as to be themselves tolerably well fed, clothed, and lodged” “Consumption is the sole end and purpose of all production; and the interest of the producer ought to be attended to, only so far as it may be necessary for promoting that of the consumer. The maxim is so perfectly self-evident, that it would be absurd to attempt to prove it” (Smith [1776] 1976, p. 88).

4. UN Commission on Human Security : According to the Report, “The Commission on Human Security’s definition of human security: to protect the vital core of all human lives in ways that enhance human freedoms and human fulfillment. Human security means protecting fundamental freedoms°Ufreedoms that are the essence of life. It means protecting people from critical (severe) and pervasive (widespread) threats and situations. It means using processes that build on people’s strengths and aspirations. It means creating political, social, environmental, economic, military and cultural systems that together give people the building blocks of survival, livelihood and dignity” (United Nations Development Programme 1994, 4). It continues (P 6), “Human security and state security are mutually reinforcing and dependent on each other. Without human security, state security cannot be attained and vice versa. Human security requires strong and stable institutions. Whereas state security is focused, human security is broad” (6).

5. Tim Lohse, Julio R. Robledo and Ulrich Schmidt (2007) and Toshihiro Ihori and Martin McGuire (2008) inappropriately use one-period models. Just as it would not be prudent to start raising an army and manufacturing tanks after the country had been attacked, it would not be prudent to take preventive measures for reducing the probability of flood, fire, or any other national adversity after that event had occurred. Recently, Mario Menegatti (2008) compares the implications of a one-period model to those of a two-period model. He shows that in a two-period model, a prudent person would put more effort than a risk-neutral person in preventive measures, whereas he would put less effort in a one-period model, which is quite counterintuitive.

6. Mario Menegatti (2007) provides an insightful analysis of the motive for precautionary savings.

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Socioeconomic Importance of Animals Including Cows in Hinduism

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Animals are an important part of any economy, because they represent an important national resource and a marketable asset for economic agents. The significance of animals is pronounced in agriculture and in certain industries, including food processing and pharmaceuticals. This chapter reviews the socioeconomic importance of animals in Hindu scriptures. The Hindu attitudes toward animals obviously have an impact on the economy of India. We begin with a discussion of a Hindu parallel to Darwinian evolution. We include a discussion of holy cows and

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beef eating. Some understanding of modern ecology appears to be present in Hindu scriptures with their ingrained respect for animals. We also report on the importance of livestock in the rural India of modern times.

3.1 Introduction

Hindu scriptures (especially Dharmashastra) give special status to humans because they can “choose” to be good or evil much more than any animal. It takes 8,400,000 birth-death cycles before an animal achieves the human form. Being born a human being is considered a reward for having spent a certain amount of time (endured) in lower forms of life. Some choice also appears to be available to higher animals. There is some evidence in Hindu mythology that good deeds by thinking animals are rewarded by their receiving higher forms of life in their next births. Human birth comes after a long wait, and with it the responsibility to choose to be “good.”

The Hindu concept of heaven is a distinct one. The Hindu moksha is freedom or bliss derived from true liberation. Humans are exhorted to do good deeds during their unique opportunity of having become human as this will prevent retrogression to subhuman forms of life. This line of thinking means that animals may have been ourselves in previous lives and might be ourselves if we misbehave. Hence, animals are not all that different from humans and deserve humane

treatment. Because everyone knows his or her own misdeeds (sins), the fear is that one may become an animal in one's next life as a punishment for sins. Obviously, this leads to some empathy for animals or pashus. The Jabali Upanishad regards humans as animals with an ego. Therefore, prevention of cruelty to animals is ingrained in Hindu culture.

This chapter further explains why Hindus respect animals. Hindu scriptures do not regard animals as being made for the enjoyment of man as some Middle Eastern religions do. In fact, some animals are worshipped with Hindu Gods. For example, a monkey named Hanuman is worshipped with Lord Rama. The six sections of this chapter consider the impact of Hindu religious attitudes on animal husbandry and economic life. The structure of the rest of the chapter is as follows:

Section 2 suggests that Hindus had at least a vague notion of evolution; it also comments on the modern scientific time line based on fossils, tree rings, and carbon dating. In Hindu mythology, some animals are incarnations of the supreme God, Vishnu, himself. Because the evolutionary time line in modern science attributes a special role to wolves and domestication of animals, we have two subsections for related discussions.

Section 3 discusses the uniquely special respect awarded implicitly to the mother cow, based on the fact that humans drink her milk. There is a belief that a well-treated cow will give good milk, which will result in well-behaved children and eventually good citizens. Section 3 also discusses beef eating among Hindus.

Section 4 discusses the imagery of gods and animals. Some animals have the status of being the physical carriers (vaahan) on whose backs certain gods either sit or use for travel from place to place. For example, Nandi, or the bull, is the vaahan of Lord Shiva. Some animals are associated with gods, not as vaahan, but as being helpful in their task of removing evil. For example, monkeys and squirrels helped Lord Raam in his war against evil.

Section 5 considers the proposition that Hindus had at least a vague notion of modern ecology and interdependence of species. Section 6 briefly discusses the importance of livestock animals in modern India with some facts, figures, and references. For example, some 72 percent of households from a certain rural group possessed at least one milching animal in 1992. Section 7 contains some concluding remarks.

3.2 Hinduism and Evolution

Hindus believe in the cycle of birth and death with reincarnations for every living creature including the gods. It is interesting that the following list of the supreme God Vishnu's various reincarnations reveal a modest understanding of the stages in Darwinian evolution by the Hindus long before Darwin, without inventing evolution per se. (See Barten, et al (2007) for a modern view of evolution).

Unlike Darwin, Hindus viewed God as an intelligent designer of all creation. We have the following according to Hindu scriptures. Geeta (ch.4, verse 6) contains the promise by the Lord to reappear from time to time to establish order. A Sanskrit source is ashta padi 1-dasha avataara kiirti dhavalam (Holt (2004) discusses Buddha as the ninth reincarnation or avatar.)

1. Matsya (fish, first intelligent designer was a fish)
2. Kurma (tortoise, next designer was amphibian)
3. Varaaha (boar, next designer walked on earth)
4. Narasimha (man-lion, brought order to the jungle)
5. Vaamana (dwarf, some new evidence supports this.)
6. Parshuraam (man with the ax, leader of hunter-gatherers)
7. Raam (ideal man with superior moral characteristics)
8. Krishna (intelligent man with practical traits)
9. Buddha (The Enlightened One)
10. Kalki (yet to come).

This Hindu list of various forms (reincarnations or avatars) of the Lord Vishnu has remarkable points of similarity with what modern scientists believe. Of course, there are mythological stories associated with each avatar wherein Lord Vishnu has a human form but assumes various animal forms to “save the world.”

For example, one day of Brahma, called Kalpa, equals 4320 million years, Johnson (2009). This notion is mentioned in Mahaabhaarat, Vishnu Puraan and elsewhere. There is pralaya or Brahma’s night when a great flood destroys all life. According to the story for the first avataar of Vishnu in the form of a giant fish, the reason for God’s appearance was to protect orderly life and the Vedas (divine knowledge) from destruction by demons.

Because the first four reincarnations are animals, there is a sense in which Hindus accept the possibility that the Supreme God can take a nonhuman form of certain individual animals. However, this does not mean that Hindu scriptures regard all fish, tortoises, or boars as gods.

According to a scientific reinterpretation, it is interesting that a four-billion year estimate equals the Kalpa time line mentioned in Rig Veda and agrees with the evolution time line which says that fish appeared about 50 million years ago, whereas amphibians appeared some 35 million years ago.

Mobile animals on earth (boar) happened thereafter. The Gondwanadon tapani fossil, dug up in India in 1994, may represent a first mammal. It appears to me to be close to the fourth reincarnation in the list above. The Ardipithecus species of modern science appearing some 4.4 million years ago is not too different from the short Vaamana of the fifth reincarnation in the Hindu list given above. The fossil hominid called Ardipithecus ramidus found in 1993 in Ethiopia was bipedal and about four feet tall, similar to the short Vaaman.

3.2.1 Cooperation in Evolution, Hinduism, and Wolves

Nowak and Highfield (2011) argue that cooperation is the third “master architect” of evolution in addition to Darwin’s two: random mutation and natural selection. Beyond this, Hindus were long aware of symbiosis, or cooperation between different species.

Modern science believes that wolves have had a special cooperative relationship with humans, as both possess certain social skills useful during the hunting stage of human evolution. The most recent ice age is believed to have started some twenty thousand years ago. Hunting large animals for food was done by both packs of wolves and groups of humans. Sometimes there was

cooperation between the wolf and the human. This may explain why Hindu scriptures did not condone hunting of wolves although hunting of deer is fairly common in puranaas.

Krishna Murthy (1985) mentions that in the Rig Veda, King Rikhsava was made blind by his father as punishment for having given away 101 of his family's sheep to a she-wolf. However, the she-wolf restored his eyesight by praying to the Ashvins (divine twin horsemen in the Rigveda, who were the sons of Saranya, the goddess of the clouds and wife of the sun, Vivasvat.)

In the Sanskrit text called Harivamsa, Lord Krishna wanted to persuade the people of Vraja to migrate to Vrindavan or Vraj, a town in the Mathura district of Uttar Pradesh, India. Krishna created hundreds of wolves from his hairs to frighten the inhabitants of Vraja into making the journey, Wilson and Hall (1868). The word vrika refers to the wolf as an inauspicious symbol. This may be because wolves, jackals, and wild dogs are often wander in cemeteries.

According to Knight (2004) during the British Raj, killing of wolves was done in response to wolves attacking people and livestock. For example, 2825 wolves were killed in the state of Bihar in response to 721 fatal attacks on humans. As a result of bounty payments made by the British government for killing wolves, some one hundred thousand wolves were killed in British India between 1871 and 1916.

3.2.2 Domestication of Animals for Agriculture and Defense

Hindu civilization was primarily agricultural, which involved living in designated areas with various agricultural crops. Domestication of chicken and various farm animals was practiced in ancient India.

There is evidence that Hindus did kill animals for food and for sacrifice to the gods. Nepal is a Hindu country. Wikipedia (2011) describes a Gadamai festival in Nepal held once every five years that lasts a month. Today, it is the world's largest sacrifice of animals, including water buffalo, pigs, goats, cows, chickens, and pigeons. The large-scale slaughter allegedly pleases Gadhimai, the Hindu goddess of power. The Guardian (2009) reports killing of thousands of animals.

For centuries, Hindus were being attacked by nomadic tribes who would steal the crops and sometimes burn all symbols of civilization, including libraries. For example, the Naalanda and Takshasheelaa residential universities of ancient India had libraries that were destroyed by the fierce and ruthless nomads. The great library of Naalanda University in Bihar had nine million manuscripts according to a website established by AICTE (2012). It is alleged to have burned for three months after a Muslim invader Bhakriyar Khilji set fire to it.

Hindus developed the horse (cavalry) and the elephant as defense animals. There is evidence that Hindus used the elephant for moving heavy objects and earth. Aitareya Upanishad (ch.1, sec. 2, 2) mentions bulls and horses.

3.3 Respect for Cows and Beef Eating

In ancient India during the Vedic period, the cow was a symbol of wealth. Taittiriya Upanishad (Book III Bhrgu) mentions possession of animals as a form of greatness. In the epic

Mahabharata, Bhishma states that the cow acts as a surrogate mother to humans because we drink her milk. The gift of a cow is still considered the highest accolade in rural India. Lord Raama was given a dowry of thousands of cows and bullocks when he married Sita. Cow dung is a known disinfectant and often used on house frames and floors as a covering or paint and also used as fertilizer for rewooding. Milk is an important ingredient in many Indian recipes. Ghee (clarified butter) is needed for Vedic pires or yajnas. The sage Vyaasa praises cows because they are so peaceful and guileless in their behavior, and are so selfless and useful to others in so many ways.

Although beef eating is considered sacrilegious by many Hindus today, there is evidence that cows were sacrificed during ancient rituals, and beef was eaten. It is mentioned in Hindu scriptures such as the Manusmriti, Vedas, Upanishads, Brahmins, Grihsutras, Dharmasutras, and others. For example, see:

(1) Manusmriti (Chapter 5/Verse 30) says, “It is not sinful to eat meat of eatable animals, for Brahma has created both the eaters and the eatables.”

(2) Manusmriti (5/35) states: “When a man who is properly engaged in a religious ritual involving animal sacrifice does not eat meat, after his death he will become a sacrificial animal during twenty-one rebirths.”

(3) Maharishi Yagyavalkya says in Shatpath Brahmin (3/1/2/21) that “I for one, eat it, (beef) provided that it is tender.”

(4) Apastamb Grihsutram (1/3/10) says, “The cow should be slaughtered on the arrival of a guest, on the occasion of ‘Shraddha’ of ancestors and on the occasion of a marriage.”

(5) Rigveda (10/85/13) declares, “On the occasion of a girl’s marriage oxen and cows are slaughtered.”

(6) Rigveda (6/17/1) states that “Indra used to eat the meat of cow, calf, horse and buffalo.”

(7) Vashistha Dharmasutra (11/34) writes, “If a Brahmin refuses to eat the meat offered to him on the occasion of ‘Shraaddha’ or worship, he goes to hell.”

(8) There are indirect references to tasty beef in the context of teaching Sanskrit grammar, and how the smell of beef was pleasant when some special guests were visiting Rishis.

Comments by Hindu Scholars on Beef Eating: The following comments of some great scholars of Hinduism regarding beef consumption are also worth noting:

1. Hinduism’s great modern propagator, Swami Vivekaanand (1947, p.536), said thus: “You will be surprised to know that according to ancient Hindu rites and rituals, a man cannot be a good Hindu who does not eat beef.” 2. Shah (1967, p.18): “In ancient India, cow-slaughter was considered auspicious on the occasions of some ceremonies. The bride and groom used to sit on the hide of a red ox in front of the ‘Vedi’ (alter).”

3. A renowned scholar of scriptures, Pandurang Vaman Kane (1962, 180), says, “Bajsancyi Samhita sanctifies beefeating because of its purity.”

4. Adi Shankaracharya’s commentary on Brihdaranyakopanishad (6/4/18) says: “Odan” (rice)

mixed with meat is called “Mansodan.” On being asked whose meat it should be, he answers “Uksha,” where “Uksha” means a young ox capable of producing semen.

5. Majumdar (1947, p.578) says: “This is said in the Mahabharat that King Rantidev used to kill two thousand other animals in addition to two thousand cows daily in order to give this meat in charity.”

These references show that domestic animals including cows were an important part of the economic life of Hindu India. However, precise quantification of the extent of meat eating in ancient India remains difficult, if not impossible.

Just as Christians have a special respect for sheep, Hindus revere the cow. Lord Krishna was a cowboy, and the bull is the vehicle of Lord Shiva. Hindus respect the cow because it symbolizes the ideal of “selfness.” After all, the cow gives so much yet asks nothing in return. Cows roam around freely and unharmed in many Indian cities. Stray cows are sometimes supported by Hindu temples. Because this is unique for Hinduism, the cow is viewed (perhaps incorrectly) as a visible symbol of Hinduism as it is practised today.

The current practice of Hindus shunning beef is perhaps somewhat inconsistent with older Vedic and Pauranik traditions. It has evolved over more recent centuries and appears to have been influenced by Gautam Buddha and Mahavir Jain, who argued that “Ahimsa paramo dharmha” or “non violence is the ultimate duty of every religious person.” One finds numerous ancient Vedic references that discourage meat eating even in Vedic Yajnas. Although the number of references against meat eating may outnumber references in favor, it is clear that ancient Hindus were not dogmatic about this issue. They also accepted meat eating by using the argument that “jeevo jeevasya jeevanam” or “all life is alive (sustained) by the sacrifice of some other life.”

3.4 Gods and Certain Animals around Their Images

The worship of images in Hinduism includes not only the gods themselves, but certain animals associated with them. In some cases, the gods ride on certain animals.

1. Lord Shiva rides on a bull and carries a snake around his neck.
2. Lord Ganesha rides on a rat, symbolizing the gnawing away of any obstacles.
3. Goddess Durgaa (Paarvati) rides on a lion, (Sinhavahini) symbolizing power.
4. Lord Dattatreya (a powerful combination of Brahma, Vishnu, and Mahesh and who protects everyone) has four dogs around him representing the four Vedas, four Yugas, four states of nature and four states of existence, Kumar (2011).
5. Lord Vishnu lies down on a large serpent called Shesh.
6. Lord Raam had an army of monkeys, whose leader was Hanuman. Raam was believed to have been helped by several animals, including squirrels, in building a footbridge between India and Sri Lanka during his war against the evil represented by Ravana, who was the ruler of Sri Lanka.
7. Saraswati, the goddess of art, music, and learning, rides a peacock.
8. Laxmi, the goddess of fortune and wealth, rides an owl.
9. Lord Vishnu (the preserver) rides Garuda, the king of eagles.
10. Lord Agni (of fire) rides a ram.
11. Lord Indra (of weather storms) rides a white elephant named Airawat.

Swami-Krishnanda.org (2011) provides a wonderful story of how Dattatreya explained his personal happiness to King Yadu by being humble and willing to learn from things around him. For example, he said he learned from 24 gurus or teachers, many of whom were animals. In particular, he learned from a bird being pursued by a vulture that the bird's possession (a piece of meat in his beak) was the source of his problem with that vulture. As soon as he let go of the meat, the vulture stopped pursuing him and he became free of bondage. Thus, if only humans let go of some of their possessions, they will be truly free! A honey bee was his guru from whom Dattatreya learned how to be eclectic and collect the good things (honey) from everywhere.

3.5 Hinduism and Ecology

The Hindu civilization was one of the earliest agricultural civilizations. The use of domestic animals for agriculture was developed into an art form in India. Draft animals (beasts of burden) were essential for agriculture before machines became available. The ancient Indian economy was agricultural, and heavily depended upon animals for its success.

Hindus made considerable advances in veterinary science, or shalihotra. There were books written on the diseases of horses, (Thalen, 2006) elephants, and domestic animals. The ancient shastras (or "how to behave" books) also contained a detailed sanitary code.

Tucker and Grim (2009) discuss ecology in various religions. The Judeo- Christian God (Genesis 1:26) grants humans a certain "dominion" over all animals. A cycle of life, death, and rebirth may have to be suffered some 8,400,00 lifetimes before one assumes a human form. While supporting the principle of Ahimsa or non-violence, Yajnavalkya Smriti warns, "the wicked person who kills animals which are protected has to live in Hell fire for the days equal to the number of hairs on the body of that animal" (Acharadhyaya, verse 180).

Hindus seem to follow a certain level of balance, not dogma, in their attitudes and dealings with all animals. Wanton cruelty to animals is explicitly forbidden as a moral principle. However, sacrificial killing of animals on fires in Yajna rituals was common in ancient India.

Hindu epic Mahabharata has the story of king Parikshit who died due to the bite of a snake named Takshak. His son Janmejaya (first ruler of Kali yug) wanted revenge and performed Nag Yajna to kill all snakes. Vasuki, the King of all snakes approached a sage Jaratkaru's son Aastek who promised help and saved the snakes after the culprit snake Takshak was killed. The story teaches Hindus the importance of ecological balance in nature reminding them that the killing of all snakes would result in an overpopulation of rats. The principle of interdependence of species and a basic respect for all creatures seems to be somewhat familiar to Hindus. It is the basis of the modern ecological movement as manifested in laws to protect endangered species.

3.6 Importance of Livestock in Modern India

While the importance of animals to Indian economy can be guessed from the above discussion, it is interesting to note some recent statistics. The National Sample Survey Report 408 (1997) and National Sample Survey Report 424 (1998) may be cited to get an idea of the importance of livestock in modern India. The Report 424 (Table 16R) has the distribution per 1000 households of the type of milch animals possessed. It contains a state-wise distribution for (1) cows only, (2) buffaloes only, (3) both cows and buffaloes, (4) others, (5) no animal at all, and (6) total number

of animals. Regarding the draft animals possessed, the report describes whether there are pairs of animals, single animals, or no animals. We find that the interstate variation in these data is rather large.

We report some selective information from those reports here.

These reports show, not surprisingly, that livestock remains a large proportion of the rural economy of India, even in modern times.

1. Dairy Production: During the 1980s, dairy farming grew throughout India, with the bulk of milk production (66 percent) done by marginal and small holdings. The ratio of in-milk bovine stock to 100 households rose from 37 in 1981–82 to 46 in 1991–92. The rise was most pronounced in the states with a relatively high average in-milk stock, such as Punjab, Haryana, and Rajasthan. There was little improvement in the ratio in states such as Kerala, Orissa, and Tamil Nadu.

2. Poultry Farming: There was a rapid growth in poultry farming during the 1970s and 1980s. The poultry stock per 100 households rose steadily from 101 in 1971–72 to 166 in 1991–92. This growth was mainly caused by the rising poultry farming practice in the small and marginal holdings. In 1991–92, the marginal households (constituting 48 percent of all rural households) accounted for 55 percent of the poultry stock.

3. Ovine (Sheep and Goats): The ratio of ovine stock to 100 households fell sharply from 105 in 1981–82 to only 85 in 1991–92. The fall was most pronounced in Rajasthan, whose share in the total ovine population was 23 percent in 1991–92. The ratio of ovine stock to 100 households in Rajasthan dropped from 449 in 1981–82 to 391 in 1991–92.

4. Milch Animals: 47 percent of rural households in India possessed at least one milch animal in 1993–94. Fortythree percent possessed just one.

5. Draft Animals: About 30 percent of households in rural India possessed at least one draft animal in 1993–94. Also, 72 percent of households self-employed in agriculture possessed at least one milch animal, compared to less than 34 percent of households engaged in other occupations. Again, 55 percent of households self-employed in agriculture possessed at least one draft animal, compared to 13–16 percent for households in other occupations.

3.7 Summary and Final Remarks

This chapter began with a description of a Hindu parallel to Darwinian evolution. Ancient Indians viewed animals as socioeconomic assets, permitted beef eating, and understood the interdependence of species. Evidence shows that ancient Hindus tried to preserve biodiversity, sharing many ideas of modern ecology and environmental sciences. Hindu sage Manu (ch 5, v.38, v.45) and many others subscribed to the aims of Henry Bergh's American Society for the Prevention of Cruelty to Animals (ASPCA) centuries before its founding in New York City in 1866. BBC news (BBC.com, 2003) reported that the Farm Animal Welfare Council in the UK suggested that the Halal method of animal slaughter used by Jews and Muslims should be banned, as it is not humane. More recently, the New York Times Amsterdam Journal (June 27, 2011, p. A7) reported similar efforts in the Netherlands. Wanton cruelty to all creatures was banned by Hinduism long ago. As indicated in the statistical evidence above, livestock continues to be important for the economy of rural India even today.

NOTES

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Hindu Economic Philosophy

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4.1 Introduction to Hindu Philosophy and Weber's Misunderstanding

The propriety of discussing Hindu economic philosophy, especially if treated as originating from the Vedic times some four thousand years ago, may be questioned. Can we meaningfully speak of economic in a situation where the extent of commercialization itself was very limited and the role of free markets was not significant, let alone the emergence of capitalism? There may not be much role for economics in such a situation, if we recall that economics (or political economy) as a discipline emerged only during about the last 250 years, coinciding with the rise of capitalism. But we are not discussing economics as such in this chapter, but only economic philosophy, in the sense of view

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point or attitude to things economic worldly, material, or mundane things valued as wealth, and their production, acquisition, and distribution things that are valued in this life. Philosophy suggests more than a mere viewpoint, or like and dislike, and covers theorization, and taking up a reasoned stand on the issues covered. In this sense, it is certainly possible to discuss Hindu economic philosophy and analyze what it was.

With the publication of Max Weber's book, *The Protestant Ethic and the Spirit of Capitalism*, in 1905, the idea that religion and culture matter quite a lot even as to a worldly issue such as economic growth, became widely recognized. He showed how the emergence of the Industrial Revolution and economic growth under capitalism had to wait for the rise of the Protestant religion, which had a positive attitude to creation of wealth and prosperity, and to capital accumulation. Protestantism may not have lauded the profit motive, but it valued hard work and thrift, and did not look askance at accumulation of wealth, which led to investment. It emphasized asceticism, which meant a thrifty way of life, and could result in savings. It valued worldly success, and preached a fruitful use of God given natural resources. It had a positive worldview, which Weber thought was congenial to innovation and investment, which in turn enabled the Industrial Revolution and the rise of capitalism and economic growth under it.²

Weber also made his incisive observations on Hinduism and Indian religions in general, particularly in his subsequent book, *The Religion of India: The Sociology of Hinduism and Buddhism* (1958). He was not alone. Albert Schweitzer had begun the attack on Indian religions even earlier, in 1936 in his *Indian Thought and Its Development*. Kapp (1963) who came later sang the same tune. The essence of their criticism of Indian religions was that they were so much

otherworldly that their philosophy amounted to world negation and life denial. These religions were alleged to have denied any meaning for this world, which in turn implied that there was no meaning in economic betterment of either oneself or the country, or even in alleviating poverty and misery. India's economic backwardness and poverty were blamed on this philosophical background, which was taken to have also accounted for slow economic growth. The slow rate of economic growth in India since 1950 until around 1980 (at 3 percent per annum) was even called the Hindu Rate of Growth by Raj Krishna, an eminent economist of India.

² Though R. T. Tawney broadly accepted Weber's thesis in his *Religion and the Rise of Capitalism* (1926), he argued that "political and social pressures and the spirit of individualism with its ethic of self-help and frugality were more significant factors in the development of capitalism than Calvinist theology." In due course, "Weber's monocausal explanation for the rise of capitalism has been abandoned in favor of multi-causal explanation" (Encyclopaedia Britannica, Micropaedia, Vol. 9, 15th ed., 2002, p. 740).

4.2 Response to Weber's Misunderstandings

This was a huge misunderstanding and bad press for Hinduism. Hinduism has many streams of thought, and the misunderstanding was based on just one of them, Advaita, and that too on a wrong interpretation of it. Advaita is known for what is taken as Shankara's basic teaching *Brahma Satyam jaganmithyaa jeevo Brahmeti naa parah*. It means, "the Absolute (alone) is real and the world is false; the soul is Absolute and not anything else." To really understand Advaita, one has to go back to the Upanishads instead of going by a literal translation of Shankara. It is from the Upanishads that Shankar derived his doctrine. Chandogya Upanishad (III.14.1) says, *sarvam khalu idam Brahma* ("verily, all this, whole universe, is Brahman"). What it means is that Brahman, the Absolute, alone is the ultimate reality, and the phenomenal world is one of only name and form *naama and roopa*. The Upanishad explains this with the example of clay and its different forms, and of gold and its different forms. The basic reality here is clay or gold, and their forms are secondary realities; compared with the ultimate reality, they are not real. Advaita does not tell us that, therefore, relative or secondary reality what it calls as *vyaavahaarika satya* (practical reality) can be ignored and only the ultimate reality (*paaramaarthika satya*) has to be taken into account. Physicists may say the basic or ultimate reality of a table may be its particles or quanta, but that does not mean that the practical reality of a table could be ignored. Both realities have their place in respective contexts, which Advaita has explicitly recognized.

Even if everything is Brahman, this does not mean neutrality between poverty and prosperity, or sorrow and happiness. The Upanishads made it clear that Brahman by nature stands for positive things: *Sat* (truth, goodness), *Chit* (awareness, consciousness), and *Ananda* (happiness) (see Radhakrishnan [1953] 1994, p. 70). Imbued with this positive nature, we seek positive things. Many Vedic hymns involve prayers for happiness, even worldly happiness. They also praise charity and helping nature. A hymn in Rigved (X.117.6) declares, "A person who has no concern for others earns his food in vain. I tell you the truth, it is as good as his death. He who feeds neither the good and the learned nor a friend, and eats all by himself, only sins all by himself." Rigved (X.117.4) said almost the same thing about four millennia ago: "*na sakhaa yo na dadaati sakhye sachaa bhuve sachamaanaaya pitvah*" (A person is no friend if he does not help the needy; but one who helps is a real friend). Ishopanishad (in the second verse) exhorts us to wish to live for a hundred years actively, doing our duties.

The charge against Hinduism in terms of world negation and life denial is due to obsession with a wrong interpretation of one particular school of thought, while ignoring other interpretations

and other schools of thought such as Vishishtadvaita or Dvaita, and Bhakti movements during the medieval era. They never regarded the world as false or as illusion or even as a relative or secondary reality.³ They all had a very positive attitude to the reality of the world. The Vedas too had a very positive attitude toward the world and its pleasures. The Vedic prayers unashamedly sought worldly prosperity for the self, for the family, and even for the world as a whole. For example, Rigved

³ This observation is based on my study of some of the literature on Madhva and Ramanuja and the leaders of bhakti movements, and also is evident from the writings of S. Radhakrishnan, S. Dasgupta, and others on Hindu philosophy. See Nadkarni (2008, ch. 1, 4, and 5), Tapasyananda (1996), Yamunacharya (1988), and Sharma (1997).

(II.21.6) invokes Indra, praying for best wealth, capable mind, happiness, growth, nourishment, sweet tongue and good days ahead. Vedic prayers sought blessings in the form of more children, more animal wealth, more gold, and more of all worldly possessions. There is a Vedic prayer called Chamakam (from Taittiriya Samhita of Krishna Yajurveda; ch.18: 1–27 of Yajurveda), chanted mellifluously in temples and mathas (Hindu monasteries). It rhythmically and repeatedly seeks this and that, this and (cha) that for oneself (mey) through Yajna and because of the many repetitions of cha and mey it is called as the Chamaka hymn. Interestingly, things sought in the hymn cover worldly objects, strength, knowledge, happiness, long life and also devotion to spiritual pursuit. Saayana in his commentary on the Taittiriya Samhita, which includes the Chamaka hymn, observes that the aim here is to help a person to realize material desires through rites and rituals like Yajna (see Kashyap 2010 for Sanskrit text and English translation of Chamaka hymn on pp.81-107, and Saayana's view on p.5). We should note, however, that the prayer seeks non-material things too including devotion to spirituality. In the Vedic approach, one flies to God using both the wings material as well as the spiritual. There is no conflict between the two.

For a better understanding of Hinduism, it is necessary to see it as consisting of several streams of thought. Though on the whole, there was a priority for spiritual uplift, there was no need to ignore one's duties in the world. Even in the pursuit of spiritual uplift, Hinduism recognized broadly two paths: one of Pravritti and the other of Nivritti. The former was extroverted or outward looking, while the latter was introverted or inward looking. The Pravritti path went very well with a positive economic philosophy, which was consistent with the path of karma (work more about this a little later), and also the path of Jnana (knowledge) for God realization, it did not preach neglect of one's responsibilities in the mundane world, but instead emphasized doing one's work with a sense of detachment. Even sannyasa (monkhood), which meant renunciation, meant actually renouncing only one's personal family ties, but involved embracing the whole world as one's family. Radhakrishnan rightly observes that Sannyasa does not mean that we owe no duties to the world, and adds quoting a verse, that if one cannot give up attachment, make it an attachment for all. The three Acharyas (Shankara, Ramanuja, and Madhva) earlier and the modern age Sannyasis such as Swami Vivekananda did exactly the same. The latter particularly took enormous pains to improve both the spiritual and material happiness in the world. All this indicates a strongly positive attitude to the world, which favored positive economic philosophy.

Philosophy, however, requires more than just an attitude. It needs also ethics, a standard or value system by which to evaluate both the attitude and behavior based on the attitude. Hinduism

formulated such an economic philosophy some four thousand years ago in the 10th Mandala of Rigveda. Its verse quoted below can be said to capture the essence of this philosophy:

Parichin marto dravinam mamanyaad
Ritasya pathaa namasaa vivaaset
Uta svena kratunaa sam vadeta
Shreyaamsam daksham manasaa jagribhyaat
(Rigved 10.31.2)

Per the author's translation, it means:

Let a man (or woman) ponder well on wealth, Earn it by the path of moral law and with humility
Consulting own conscience, and
Heartily gain upright prosperity.

In this verse, wealth is not assumed to be coming unasked without effort. One has to consciously ponder (pari chin) over how it has to be earned by the path of moral law or truth (ritam), and not by dishonest means. It has to be earned with humility (namasaa) and not arrogance, because success depends on the grace of God, and one owes it to the society of which one is a member for making it possible. Consulting one's own conscience (kritu) also is important in deciding the ways in which wealth is earned. Once these qualifications are kept in mind, one can earn wealth heartily (manasaa) and gain justifiable or upright (daksham) prosperity (shreyaamsam).

4.3 Ethics and Human Goals in Hindu Economic Philosophy

Note that ethics is an integral part of this philosophy. Mahatma Gandhi was drawing on this ancient approach when he insisted on combining ethics with economics. He said, "I do not draw a sharp, or any distinction, between economics and ethics" (Young India 1921). If economics conflicted with ethics, he clarified that it is economics that had to be given up, not ethics. Support for earning wealth was not unqualified. But asceticism was not prescribed for all in Hinduism. One could enjoy life, though by just means and not immorally. Ethics were necessary both in earning wealth and enjoying it.

This also comes out clearly in the philosophy of Purushaarthas. Purushaarthas means human goal, and Hinduism conceived there were four of them: dharma (moral or righteous conduct), artha (prosperity or pursuit of wealth), kaama (sensual pleasure), and moksha (spiritual liberation or self-realization). There is no need to choose among them; one can pursue all four, but the predominance of dharma is emphasized. This means that the pursuit of both artha and kaama should be in accordance with the moral law.⁴ Moksha comes later that is, after the other goals are achieved. Moksha is unattainable in the absence of dharma. Every human being has multiple goals that together give a heroic purpose (purushaarthas) and meaning to human life.

A sense of purpose energizes and enables a person to overcome obstacles and limitations he or she has to face. Multiplicity

⁴ Mahabharata makes this very clear. It says, "he who wishes to achieve kaama and artha by means which are not really (valid) means (i.e. means other than dharma) perishes" (V.124.36). Further, "he who wishes to achieve kaama and artha must concentrate on dharma, for kaama and artha are never separate from dharma (V.124.37)" (as translated and quoted by Malamoud (1982, 42)).

of goals means that reconciliation among them is necessary to impart harmony, integrity, drive, and direction to human effort. Dharma plays a presiding role in this reconciliation. Reviewing the stand taken by the Mahabharata, Badrinath observes:

“Acknowledging the importance of material prosperity, individual and collective, the Mahabharata is at the same time saying, in the clearest of voices, that wealth should be earned through dharma and never through adharma. It is saying that the pursuit of prosperity of the one, or a few, should never have the effect of depriving, starving, diminishing, separating, uprooting, hurting, doing the violence, debasing, and degrading the other. When it does, it becomes self-destructive in the first place. True wealth, individual or social, is that which creates: nurturing, . . . enhancing all living beings; which supports, sustains . . . and . . . upholds all living beings; and secures for all living beings freedom from violence, freedom from fear. These are the three foundations of artha, true material prosperity; and they are the main attributes of dharma”⁴. (2007, 89)

It is thus clear that the goal of artha be pursued in accordance with dharma.

Artha as one of the four purusharthas refers not only to wealth, but to worldly goods in general, instruments of livelihood and welfare, and even power and politics. The meaning of artha becomes clear only in the context of its use. Whatever the context and meaning of artha may be, the norm is that its pursuit follows the moral law. Artha may be pursued for its own sake, or for the purpose of satisfying kaama (such as eating delicious food, wearing more expensive clothes, or having a nice dwelling), or even merely for the sake of pursuit of dharma (helping others in times of need or for coming up in life, and doing such good deeds for the welfare of others). It was always stressed that what adorns a wealthy person is not ornaments and expensive outfits, but humility and charity. Arrogance about one's wealth and any attitude of not sharing it with others in times of their need are generally treated as a great blemish and moral deficit.

It is interesting to note that artha is viewed here as an instrument to achieve even dharma rather than as an obstacle. Dharma is recognized as very difficult to attain in the midst of poverty, though it does not mean that the poor are held to be morally depraved or incapable of dharma. What is pertinent is that poverty is not glorified. On the contrary, the Mahabharata (Shaanti-parva 8.23) says dharma flows out of wealth, like a river springs forth from a mountain (dhanaaddhi dharmah sravati shailaadapi nadee yathaa). Prosperity enables charity, which is its justification. Pursuit of wealth finds its purpose when wealth finds its way into charity and promoting the welfare of others. A charitable disposition and active compassion are highly glorified in Hinduism, and can constitute an important motivation for pursuing artha after satisfying the basic needs of one's own and family. The Rigvedic verse quoted above (X,117.6) in translation may be recalled in this context. The Gita (3.13) also has a verse to the effect that one who cooks only for himself eats sin. Two qualifications are needed here. One is that Hindu scriptures are not so unrealistic as to expect that wealth has to be earned only for the sake of others; meeting commitments to one's family is quite emphasized. The idea is that a householder (grihastha) also has to strive to meet moral obligations to others and help the needy. The second qualification is that this precept of Hinduism may not have been practiced satisfactorily by all Hindus, but it at least was an important principle, a norm to be followed.

The Gita provides a scheme of moral evaluation of our activities and motives in terms of three gunas (or qualities): saatvik, raajasik, and taamasik. Saatvik is gentle and kind and possessed of noble motives. Raajasik is purely self-centered or selfish. Taamasik is dismal, misleading, and leading to undesirable consequences. For example, the Gita says that charity is saatvik when done for the pure joy of it, out of a spirit of altruism, giving due respect to beneficiaries; it is

raajasik when it is done out of a selfish motive, to get something in return such as publicity or even material benefits; it is taamasik when done with contempt for the beneficiaries of charity, or with a mischievous motive of harming them. Similarly work is saatvik if it is done unselfishly and with detachment and yet with efficiency and enthusiasm; it is raajasik if it is done out of a motive of getting an economic or material return or outcome for one's own self; it is taamasik if done in a clumsy or counterproductive way or with the motive of harming others. Where would pursuit of wealth or artha fit in this scheme? It may at first glance appear to fit under the raajasik quality, as self interest is the motivating force behind such activity. But even pursuit of artha can be saatvik if it is done honestly and with the motive of dharma, though one is not barred from looking after one's own and one's family's necessities and comforts. A business, even if it aims at earning a legitimate surplus or profit, can transcend the raajasik quality and become saatvik if it also creates employment, treats employees well, gives due value to customers, accumulates for public good, and engages itself in philanthropic or social work. The Gita does not condemn raajasik; it only places saatvik as morally and spiritually at the highest level.

4.4 Labor for Self-Agrandizement

The role of human enterprise or endeavor (purushakara) and labor both physical and mental in creating wealth is well recognized by Hinduism. Karma actually means work, and it is in this sense that Gita speaks highly of it. Lord Krishna tells Arjuna clearly that work is greater than idleness (2.8) and that renouncing work in the name of renunciation does not lead to spiritual success (2.4). Though doing karma (work) for maintaining the body comfortably (shareera-yaatraa) is certainly necessary, the Gita advises going beyond it to cover selfless work for the welfare of people (loka-sangraha) (2.20, 2.25). This work has to be done with dedication (yogasthah kuru karmaani) and with dexterity (yogah karmasu koushalam, 2.50). Dedication and efficiency are not possible without interest. But interest is not possible unless the work is expected to give some desired result or outcome. By advising that work be done with detachment and selflessness, Krishna could not have expected any work to be done mindlessly, without planning for its expected outcome. He denounces work done without the consequences being heeded (anapekshya) as taamasik (dismal, dark) (18.25), but praises work done with neither personal bias nor dislike but with fortitude and enthusiasm (dhrityutsaaha samanvitah) as saatvik (good, beneficial) (18.23, 18.26). In other words, whatever we do, the Gita expects us to get absorbed in it, and enjoy it. Chandogya Upanishad (1.1.10) reveals the secret of what makes one's work effective or powerful: "whatever one does with knowledge and skill, with faith and commitment, and with full thought, that alone becomes powerful."⁵ The Gita describes a person engaged in such selfless and yet effective work as a karma-yogi. A karma-yogi neither hates disagreeable work nor is attached only to agreeable work (18.10), and is unbiased between the two. The Gita advises not uninterested, but disinterested work. Detachment eliminates tension and can promote effectiveness. The philosophy of work as developed by the Gita is intended both for personal spiritual benefit and for the welfare and progress of the world.⁶

The emphasis on the importance of work was reiterated by the saint poets of the medieval era. Covering the whole length and breadth of the country, their Bhakti movement is a notable landmark in the development of Hinduism. Ignited to the masses and democratized it.⁷ A very telling expression of their philosophy of work was given by Basavanna, in Karnataka in the 12th century. He proclaimed, They brought reA pithy and yet "Kaayakave Kailaasa" (to work is heaven). His followers, known as Lingayats, or Veerashaivas, even while emphasizing bhakti

(devotion to or love of God) as a path of God realization accessible to all, did not hesitate to prioritize devotion to work and one's calling, even over devotion to God, though they saw no conflict between the two in general. But when there is not enough time for formal worship of God, one need not hesitate to devote oneself to the work of one's calling, according to a Vachana (saying) of the Veershaivas. The leaders of the Bhakti movement came from the working class from a variety of vocations such as agricultural labor, leatherwork, weaving, pottery, and small trade and one of the followers of Basavanna was a meat seller. The working class background of bhakti saint-poets all over India was no coincidence. They enhanced the prestige of manual work and the worker himself.

⁵ The original is: "Yadeva vidyayaa karoti shraddhayaa upanishadaa tadeva veeryavattaram bhavati."

⁶ Karma-yoga (the path of work) explained above is different from the Law of Karma, which is more popularly known. The Law of Karma simply says: you reap as you sow. It is often misunderstood as fatalism or destiny. Actually, the Law of Karma presupposes, even requires, free will; robots cannot be subject to it. The implication of the law simply is that one should be cautious in one's deeds or actions and avoid those that could hurt others. In addition, detached and selfless work can liberate us from the bad consequences of karma.

⁷ For details, see the fifth chapter on Bhakti Movements in Nadkarni (2008).

4.5 The Bane of the Caste System

The significance of this achievement can be better appreciated against the background of the caste system in Hindu society. Most of the leaders of the Bhakti movement deplored the caste system and its inequity. The original form of the caste system consisted of the varna system, which emerged toward the last phase of the Rig Ved. Its emergence owes itself to the recognition of the advantages of division of labor and specialization in vocations. Instead of each person doing everything, it was recognized that each could more advantageously specialize in a calling or vocation and devote oneself to it. This increased the productivity of the society, and gave more time to some classes to pursue more fruitfully literature and religious rituals, or to develop skills in warfare. As the Gita (4.13) explicitly makes clear, this division was based on aptitude for different types of vocations or work (Guna–Karma), and not birth. The varna system, however, deteriorated into the caste system due to two tendencies. Because there were not enough trade or craft schools, except for religious preaching and teaching the skills of warfare and statecraft, the artisans had to train their children themselves in their own vocation. That is how a system based on aptitude turned in to one based on birth. The second tendency was that different types of work began to be valued in society differently, and the system became hierarchical. This led further to according a lower status to manual work such as that of artisans and laborers. Hindu texts were divided in endorsing this. While some such as the Dharmashastras endorsed and authenticated the birth based caste system, there were several others such as the Gita and Upanishads, and later the compositions of the medieval saint poets, which condemned caste hierarchy.⁸ The irony is that Hindu society saw the advantages of division and specialization of labor, but overdid it to the point of making it inhumane by putting restrictions on social mobility. But Hindu society and religion also gave scope to correct these excesses by raising the status of the worker and working class (as was tried by the Bhakti movement), and even by mobilizing them for constructive social action and raising the social status of lower castes within the framework of the Hindu society (as happened in the case of Ezhawas and Nadars, see ch. 2 in Nadkarni 2008).

The caste system, which was the bane of Hindu society, though not a part of religion as such,

was damaging from the point of promoting a healthy egalitarian economy as well as society. From Adam Smith onward, competition has been accepted as necessary for providing economic stimulus for efficiency and progress. But the caste system effectively blocked competition by restraining social mobility, at least until recently. The caste system may have blocked innovation too, because in a feudal system, artisans had little to gain from it. The whole system of caste was oriented only toward maintaining the society, rather than to achieving betterment and progress. Of course sculptors who turned out more beautiful statues, architects who designed beautiful temples, carpenters who constructed sturdy chariots, and blacksmiths who fashioned powerful swords and arrows must have been honored and rewarded more than the mediocre ones. The better ones received royal patronage and encouragement. But when it came to more common goods such as agricultural implements, handlooms, and vessels for common use, the markets were highly localized (except in the case of silks, which were exported). There was not much incentive for innovation. The positive economic philosophy that should have promoted economic development and even an industrial revolution was offset greatly by the social structure of the caste system. Both Hindu society and Hinduism, and even the Indian economy, suffered as a result. Many significant steps have been taken after India's independence to remove the injustice of the caste system, particularly by providing for a system of positive discrimination and affirmative action in the form of reservations for sects in admissions to educational institutions and in allocations of up to 50 percent of vacancies in government jobs to lower castes. This has helped many of them to come into the mainstream of the Indian society, economy, and particularly polity. As they were a numerical majority, the establishment of democracy based on adult franchise gave more power to these lower classes than any religion could.

⁸ See the second chapter, "Is Caste System Intrinsic to Hinduism?" in Nadkarni (2008). There are two types of texts in Hinduism: those regarded as sacred (Vedas, Upanishads, and the Gita), and those that are meant for guiding day-to-day conduct and that are in the nature of civil law (Dharmashastras). While the former did not endorse and even opposed the birth based hierarchical caste system, some of the latter endorsed it. But it was unanimously agreed since ancient times that where there is a conflict between the two, the former will prevail.

But even as a religion, Hinduism was not consistent with the birth based and hierarchical caste system. Because of this system, Hinduism received bad press as being based on inequality. On the contrary, Hinduism treated every individual equally in spiritual and moral terms, which could serve as the logical basis for treating all persons equitably in political and economic terms as well. A verse in the Gita (6.32) expresses this egalitarian philosophy quite clearly. Translated, it reads, "The one who sees pleasure and pain everywhere by the same standard as applied to one's own self, that Yogi, Oh Arjuna, is the highest." From the tenor of the argument in the Gita, this seems applicable not only to yogis, but to everyone in life. A whole philosophy is implicit in this verse, which favors justice, equality, and even liberty. One is entitled to maximum freedom, consistent with similar freedom for all. In the same way, one is entitled to equal treatment consistent with similar treatment for all. The principle provides a solid foundation for a just economic and political order.

The prevalence of the caste system suggests a contradiction between the above moral principle and practice. It should be appreciated, however, that Hinduism as a religion had nothing to do with caste or untouchability, a point Mahatma Gandhi also emphasized. He announced once that if he were convinced that Hinduism had endorsed untouchability and inequity of caste, he would not have hesitated to renounce Hinduism. On the contrary, he took pride in proclaiming that he

was a Hindu, even a Sanatani Hindu. Manu, the author of Manusmriti, may have felt utterly uncomfortable with Gandhi's views on caste, but Gandhi reflected the moral essence of Hinduism much better than Manu. Though some of the oft-quoted statements in a few Dharmashastras, particularly in Manusmriti, do look very harshly on the lower castes, these works also contained verses that gave a different image. Realizing that caste as a system emerged out of economic necessities of division of labor and specialization, Dharmashastras ordered kind treatment of servants belonging to lower castes, and said that it was the duty of their employers to look after all their basic needs such as food, clothing, and shelter. If a guest comes unexpectedly, the guest was to be fed, never at the expense of the servants, but of one's own self. If the master could not afford to look after the servants, they could leave such a master and seek shelter elsewhere. Thus, the system was quite different from slavery. There is a beautiful Subhaashita (quotable saying) (source unknown), which shows that Hinduism did not lack social concern. It says:

Taaditaah peedithaah ye syuhu taan mama iti abhyudeerayet |
Sa saadhu iti mantavyah tatra drishtavya Ishwarah ||

It means: "One who declares those who are oppressed and harassed as his own (and helps them), he is to be regarded as the real saint; it is here that God is to be seen." The caste system was inhumane no doubt, but that was not a part of Hindu philosophy. Hinduism did have concern for the poor and the meek, and opposed social injustice, of which there is evidence in practice (see Nadkarni 2007 for a substantiation of this point).

4.6 Creation, Enjoyment and Distribution of Wealth

The principles of hard and honest work to create wealth, hospitality, compassion, kindness, and charity were considered essential for all, particularly for householders or grihasthas. The main task of creating wealth as well as distributing it was that of the grihasthas and grihinis (housewives), the latter considered as equal partners. The famous "convocation address" to departing students in Taittiriya Upanishad (I.11.2) commands that the guest be treated as god (Atithi devo bhava) in the same manner as parents and the teacher. Next (I.11.3), it commands that whatever is given be so with faith, generosity, and modesty. In the premodern India, when there were no hotels, people still traveled widely covering the whole length and breadth of the country. How did they manage? They requested and duly received food, buttermilk, and water free of cost from wayside householders, who even often had to provide shelter too for the night. Having a guest at home for lunch or dinner was considered by householders as good luck. Tiruvalluvar, the author of an ancient classic in Tamil called Tirukkural, says that if one has fulfilled the moral obligations of a householder, there is nothing left for him to achieve further by way of spiritual pursuits! (Rajagopalachari 1999).⁹

⁹ Al-Biruni (973–1048 AD), who traveled in India extensively, has left a travelogue with many observations about the then Hindus in India and their customs. He has noted that after paying one-sixth of their produce to the king in taxes, the householders divide

Thus, the Hindu economic philosophy was not only positive with regard to the importance of creating wealth and enjoying it, it combined it with its emphasis on just means of doing so, compassion, kindness, and charity, and the need for moderating, if not eschewing, self-interest. Yes, self-interest was given scope in the philosophy of purusharthas particularly through

permission to pursue artha and kaama, as discussed above, combined with dharma and a moral obligation to help others. Much later in the history of development of Hinduism, Gandhi formalized and turned the economic philosophy of ordering the economy on the basis of compassion and charity into one based on moral obligation. He did this by formulating and recommending the principle of trusteeship. Through this principle, he tried to reconcile the need for an economic incentive to accumulate and achieve a sense of self-worth with the need to reduce inequality and enable the worst off to become even. Yes, one can accumulate wealth beyond one's needs, but only in the spirit of holding this wealth or investment in the form of a trust for the benefit of society. Such altruism may seem unrealistic at first glance. But it was because of its wide prevalence that pilgrims and others traveled the length and breadth of the country in pre-modern India, depending on the kindness and sense of moral obligation for charity of householders. They could also stay in charitable lodges, called dharma-shaalas or choultries, constructed in places of pilgrimage, or on trunk routes. The principle of charity has been working even in modern times. The Economist (August 14, 2010, p. 50) reported that "Two-thirds of Tata Sons [a Corporate enterprise in India] is owned by charitable trusts which finance a wide range of philanthropic activities." The IT giant Infosys has promoted Infosys Foundation, which is doing similar work. Several other corporate enterprises are engaged in rural development and social work. Such philanthropic work may not

income into four parts: the first for "common expenses," the second for "liberal works of noble kind," the third for alms, and the fourth for holding as a reserve. If the second was also for charity as it seems, nearly half of the posttax income was used for charity. Al-Beruni also mentions that some devoted only one-ninth of their income for alms, but this also is not negligible. See Ahmad (1988, 235–36).

be as widespread and adequate as needed, but its existence and significance does suggest the practicability of Gandhiji's trusteeship idea.

The trusteeship principle needs active support and encouragement not only from individuals but from the state. For example, there is at present a tax concession in India under Section 80G of the Income Tax Act. While donations to government relief funds enjoy a 100 percent tax exemption by way of deductibility from taxable income, donations to private charitable trusts receive only a 50 percent concession. While proper audit and monitoring of such trusts by the state is necessary, there is no need for such discrimination against private charities. The ceiling for tax exemption of donations under Section 80G, which is presently at 10 percent of the "adjusted gross total income," may also be lifted to encourage charity. Retired persons with no dependents and wealthy people can certainly spare a much higher proportion of their income for charity. Imposing a ceiling for all at 10 percent is unjustifiable.

The need to control one's wants is a basic necessity in this economic philosophy. Otherwise there would be no savings to be channeled into charity and philanthropic work. In the context of a looming environmental crisis, this insistence on moderating one's wants assumes added significance. Gandhi's famous saying that the earth has enough to meet everyone's needs, but not enough for greed, is imbued with deep significance in this context. It is wasteful consumption that has led to this environmental crisis. Gandhi's advice of simple living and high thinking can avert it. Producing goods with a long life, and maintaining them instead of throwing them out even when repair can bring them back to use, seems to go against the grain of the present economic order. But the Gandhian approach makes abundant environmental sense.

The positive economic philosophy of Hinduism (discussed above) seems to bring it close to Protestantism. The positive attitude that Weber found in Protestantism, which according to him helped the emergence of capitalism in the West, is not found wanting in Hinduism. Both Protestantism and Hinduism have taught simple living and moderation of one's material wants so that saving could occur. Both emphasized hard work and deplored laziness and idling. The Gita's advice to choose a vocation according to one's aptitude comes close to doing devoted work in one's chosen calling under Protestantism. But there are also important differences between them. Hinduism is not averse to the innocent pleasures of life; it only insists on subjecting one's enjoyment of life to moral law. But Protestantism had an explicit antipathy to "worship of flesh," and went to the extent of regarding pleasure-seeking as sin. Hinduism stressed charity more, and looked with disfavor on any tendency to accumulate wealth without spending on charity. It does not mean that it did not want investment, but such investment was more for social good—such as constructing tanks and drinking water wells, restoring them, constructing roads, and building dharma-shaalas. Wealthy persons, kings, and feudatory chiefs did engage in such investments for the public good. Doing something for the public good was considered as an act of earning punya (spiritual merit). Even expenditure on temples and mathas served the cause of accumulation for social good as they contributed to developing irrigation facilities and drinking water wells, educational institutions, and healthcare. Investments for private gain were not disfavored, such as in irrigation wells and other irrigation works, construction of cowsheds, and the making of handlooms and artisan tools. But modern economic development is of recent origin in India, and production of capital goods such as machinery and engines had not started until then.

Merely because the Industrial Revolution started in the West, it does not mean that the West alone had a positive attitude to the world and that other civilizations did not have it. The Chinese civilization had a positive worldview, and invented such things of fundamental significance as paper and gunpowder, yet the Industrial Revolution as such did not start there. The very term, "Industrial Revolution" and its assumed association only with the West, completely ignore scientific and technological advances of fundamental importance that took place in the East before it. The positive economic philosophy and the positive worldview that was also in the Indian civilization in practice had some amazing results. It is worthwhile recalling some of the scientific, technological, and economic achievements in India as evidence of the economic philosophy of Hinduism also working in practice.

4.7 Worldly Achievements of Hindus in Economics, Mathematics, and Medicine

Ancient India was known for its advances in mathematics and science. Hindus are credited with developing the concept of zero and decimal numerals, a breakthrough of fundamental significance, which paved the way for later advances in mathematics and sciences, and facilitated day-to-day business. Arya Bhatta, much earlier than the West, discovered the diurnal motion of the earth around the sun. Hindus developed a sophisticated medical system of Ayurveda, which thrives even today. It has two branches, one based on herbal medicines (vanoushadhi) and the other on metals or chemicals (rasoushadhi). Even surgery was developed to some extent: the Sushruta Samhita mentions as many as 120 surgical instruments. The ancient text gives also instructions in preoperative, operative, and post-operative care, including precautions against infections (Thakur 2001). To ignore the human body and its illnesses was not considered proper, because it is primarily through our bodies and when we are alive that we can move along the

path of dharma (shareeramaadyam khalu dharma-saadhanam). Yoga was developed as an outcome of this philosophy. Yoga is designed to tone up the whole body along with the mind, and control several illnesses in addition to improving general health. All these advances would not have taken place with a worldview of life or world negation.

The economic system even in early India had reached a fairly sophisticated state, compared to the then Western economies. Correspondingly, economic ideas had also become fairly sophisticated. There are several sources of economic ideas in Hindu texts. Kautilya's Arthashastra (fourth century BC) is only one of these. The text had been lost for some time during the medieval era and was discovered in 1904 by R. Shamasastri in Mysore. A handy translation in English with a detailed introduction and notes is available (Rangarajan 1992). Among other sources of economic ideas may be cited Shukra-Neetisaara, and Dharmashastras by Gautama, Apastambha, Vasishtha, Baudhaayana, Naarada, and Yaajnyavalkya respectively. Aiyangar (1934) has made use of these sources to represent and explain the main aspects of ancient Indian economic thought. Kane's (1990) five-volume History of Dharma Shastra, first published between 1930 and 1962, is a useful source to trace economic, political, legal, management, and governance ideas in ancient India as contained in the Dharmashastras.

Artha-Shastra was recognized as a separate and important branch of knowledge in ancient India, though a very much mundane subject. It was a must for princes, scholars, and administrators. Artha-shastra did not mean economics or political economy in a narrow sense, and included even danda-neeti (governance). Its economics part included a study of the economy, Vaartaa, which in turn was comprised of agriculture (krishi), animal husbandry (pashu-paatan or go-rakshaa), commerce (vaanijya), money lending and banking (kusheeda), manufacturing, arts and crafts (kalaa), sculpture (shilpa), and architecture (sthaapatya).

Agriculture, cattle rearing, and commerce had reached a welldeveloped stage by the then standards by the time Kautilya wrote the Arthashastra. These branches of the economy realized maximum attention in governance as they formed the main base of the economy. Earning wealth was the result of pursuit of any of the above professions, called vritti. Amarakosha, a lexicon, mentions synonyms of wealth that are suggestive. Dhanam or vittam used in the singular meant wealth in general, while dhanaani used in the plural meant possessions, stressing the variety of forms in which it was held—land, cattle, gold, and buildings. Svaapateyam, a synonym of dhanam, suggests the quality of being appropriated; artha suggests its quality of being earned and accumulated; bhogyam suggests it can be enjoyed or consumed; vibhavam suggests it is transferrable or transacted, and can be the subject matter of disputes (Aiyangar 1934, 20–21). Dhanam is capable of vridhhi (growth, increment) when used judiciously and intelligently. Vridhhi is also used in the sense of interest on loans given. Mark the sophistication with which both the economy and wealth are treated as a subject matter with many terms to reflect different nuances. This would not have been possible if Hindus were indifferent to wealth or economics.

Seeds of both the labor theory value and scarcity theory of value can be found in ancient Indian texts. Shukra-Neetisaara, for example, mentions clearly that price (moolya) depends on several factors such as utility (capacity to satisfy desire—kaama or want), the ease (sulabha) or difficulty (asulabha) with which a commodity can be obtained, and its scarcity—how rare (apratima) it is. It was also realized that these qualities were not fixed or absolute, but varied with desha (place) or kaala (time) (see Aiyangar 1934, 91–92).

4.8 India's Craft Guilds and Riches Before 1700 AD

Trade, both internal and external, had developed to the extent that Indian merchants traveled over vast stretches of the seas, from the south and from Sindh and the Gujarat coast. There were ports. There are indications to suggest that Dwaraka was an important ancient port on the western coast. As trade developed, a need was felt for state regulation of trade practices to prevent abuse of customers. The state also played an important role in resolving disputes in business transactions. There were also nongovernment institutions in the form of trade or craft guilds, which protected and promoted the interests of their members.

India was not an economically backward country until the colonial period. Several foreign travelers have referred to the past opulence of India and its cities and temples, suggesting that the Indian economy compared favorably with other countries in the world before the British rule. It is colonial exploitation that turned an advanced country into a poor one. Angus Maddison's monumental research under the Organization for Economic Cooperation and Development (OECD) has shown that between years 1 and 1700 AD, India accounted for a quarter to one-third of the total world GDP, but began to decline sharply from 24.4 percent in 1700 to 16.0 percent in 1820, 7.5 percent in 1913, and 4.2 percent in 1950. The slide continued to 3.1 percent in 1973; this, however, reversed and began a climb up to 5.4 percent in 2001 (Maddison 2003, 261). The pre-British Indian economy would not have attained the diversity, complexity, and level of development it did if the bulk of its inhabitants had a negative attitude toward creating wealth and no interest in economic matters.

4.9 Conclusion

Ancient Hindus did take a serious note of economy as a field of legitimate human activity as well as of political economy or economics as a field of thought and teaching. Hinduism did not come in the way, but contributed to it. It had an economic philosophy which was coherent, logical and positive that favored the creation of wealth, its enjoyment as well as equitable distribution. That is how, India which still has a bulk of its population considered as Hindus, did not fall behind the rest of the world in economic, scientific and technological development till the 18th century, when imperialism overtook and impoverished it. The attempt to blame Hinduism for India's poverty and economic backwardness thereafter was actually a cover to hide the ruinous impact of colonialism. Of course, it is important to note that the Hindu economic policy is not the same as economism which has been the dominant philosophy of neoclassical economics or of capitalism. The persistence of poverty in India after Independence is because India also adopted the same philosophy of economism. On the contrary, Hindu economic philosophy made a serious attempt to integrate economics with ethics and environmental concern. And there lies the continuing relevance of Hindu economic philosophy for today's world.

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Four-fold Objectives of Life for Individual and Societal Growth as per Hinduism

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5.1 Abstract

Hinduism is the popular name for Sanatana Dharma, which means ‘the eternal principles that govern and protect us’. Hinduism focuses not only on individual growth but also at the growth of society because society is a collection of individuals connected through the world. The three ontological entities of Hindu philosophy are individual, world and the principle that connects everything referred as God. Individual growth is based on establishing four-fold objective namely abiding ethical laws and developing virtues (dharma), earning of wealth (artha), fulfillment of desires (kama) and self-perfection and bliss (moksha).

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These objectives are to be properly integrated in one’s life. This means that earning of wealth has to be in harmony with other objectives namely abiding ethical values and fulfillment of desires. The societal growth is based on providing an environment that promotes the growth of individuals through their fulfillment of four-fold objectives. This chapter presents the principles and applications of various values through four-fold objective that have characterized Hinduism from ancient times through current times.

5.2 Introduction

Sanatana Dharma is the actual name for Hinduism. The word Hinduism came to be known for the culture, religion and philosophy of the people on the banks of the Sindhu River. The word Sindhu came to be known as Hindu and Hinduism. It is important to remember that Hinduism cannot be attributed to a single founder at a specific date in history. Most of the basic literature of Hinduism is in Sanskrit language. The word ‘Sanatana Dharma’ is a Sanskrit word, which means ‘the eternal (Sanatana)’ and ‘principles that govern and protect us (Dharma)’. The source literature for Sanatana Dharma is Vedas, which are very large collection of mantras. The word Veda in Sanskrit means ‘knowledge’. Vedas deal with various aspects of life, nature and cosmos. There are large number of scriptures that are written based on the source literature namely Vedas. The emphasis of the Vedic literature of Hinduism is growth of an individual in a society that provides an environment that fosters the growth of individuals. The environment as recommended by Vedic Hindu tradition emphasizes the role of economics. That is to say that

everyone should be able to earn wealth through ethical ways. Also the individuals with wealth should practice not only charity at the times of need but also help the common causes financially. The common causes are such as to support art, religious and community activities. This in turn results in the societal growth.

5.3 Four-fold objectives of life

The Vedic literature clearly provides the vision and guidance for a human being by providing four objectives of life and by pursuing which an individual can achieve fulfillment in life. These four objectives of life are known in Sanskrit as dharma, artha, kama and moksha. Dharma is the principle, which holds all of us together and practice of which protects us here and hereafter. Artha is earning of material wealth. Kama is the enjoyment of sensual pleasures. Moksha is freedom from all undesirable fetters of life. It is to be noted that not only each objective is important but also their integration. In the view of yogi-seer Sriranga Sadguru (Sriranga Vachanamrita: 1993:47), it is noted that

“In enumerating four objectives of life, the order of dharma, artha, kama and moksha are proper and should not be interchanged. This is because artha and kama should be pursued within the bounds of dharma and moksha.”

5.3.1 Dharma: the first objective

The word dharma in Sanskrit is etymologically derived from the verbal root ‘dhri’, meaning ‘to sustain’. So dharma is that which not only sustains an individual but also a society, as a society is made up of individuals. It is stated that (Jois 2004:12)

“Dharma sustains the society;
Dharma maintains societal harmony;
Dharma ensures well-being and progress of humanity; Dharma is surely that which fulfills these objectives.” It is seen that dharma is the framework for a harmonious

functioning of the society. However it is important that dharma has to be practiced by everyone in order that it will keep the individuals and society in harmony. In Manusmriti (Jois 2004:16) it is said that

“Dharma protects those who protect it. Those who destroy dharma get destroyed. Therefore dharma should not be destroyed so that we may not be destroyed as a consequence thereof.”

Thus observance of dharma is critical to the growth of both an individual and the society. In an Upanishat it is stated as (Jois 2004:15)

“Dharma is the king of kings. No one is superior to dharma. Dharma aided by the power of the king enables the weak to prevail over the strong.”

It is seen from these that Dharma is a law or a guide to all individuals in a society. When individuals adhere to dharma then not only the individuals grow but also the society grows. In Manusmriti (Jois 2004:21), the common dharma that need to be followed by one and all are given as:

“Non-violence, truthfulness, non-acquiring of illegitimate wealth, purity and Controls of senses are in brief, the common dharma for all people.”

Dharma is underlying principles that can bring harmony in global context. In Mahanaryana upanishat (Jois 2004:24) dharma is seen as the universal principle. It says:

“Dharma constitutes the foundation of all affairs in the world. People respect those, who adhere to dharma. Dharma insulates man against sinful thoughts. Everything in this world is founded on Dharma. Dharma therefore, is considered as supreme.”

Thus dharma being the most important as it being the foundation for an individual's life, it is given the first place among the four objectives of life. It should be emphasized that it is not enough to know through education what dharma is but is essential to follow dharma. The approach to follow dharma is commonly known as karma. The karma operates in three domains namely thought, speech and action. These three domains are inter-related. Any meaningful action involves thought and sometimes speech. The thought domain carries the intentions, which are subtler than speech and action domains. Therefore thought domain includes all the activities of mind such as intentions, desires, ambitions, aggressions etc.

Karma also refers to the religious sacraments that every Hindu follows in his or her life. In performing the various religious sacraments money plays an important role. The money both in the form of cash and kind (in the form of things) need to be spent with charitable attitude. The temples also play an important role in the flow of money in a Vedic Hindu environment. When a temple performs major festivals a huge amount of money is required. A temple being a religious resource depends heavily on large donors of money for the success and impact of the celebrations. The scriptures such as Taittiriya Upanishat recommend that it is through compassionate and free giving of charity that one develops an altruistic personality. This helps one to expand his dharma through the proper karma.

It is seen from above analysis that dharma and karma always go together. So they have to be in harmony. Thus union of dharma as principles and karma as the corresponding practices is achieved through yoga. It is well known that yoga is not limited to only physical postures. The eight-limbs of yoga as formulated by sage Patanjali in Ashtanga-Yoga include the mental and spiritual practices in addition to physical and breathing practices. Also several other forms of yoga such as Bhakti-Yoga, Jnana-Yoga and Karma-Yoga are discussed in the BhagavadGita [Mhaskar 2011].

5.3.2 Artha: the second objective

The second objective (next to dharma) is artha. The primary meaning of artha is material wealth or money. However the secondary meaning of artha is purpose. Thus meanings of artha can be combined as acquisition of materialistic goods, money, power and the purpose for which they are acquired. It is recognized and advised in Hinduism that artha is very important and on it depend one's life both individually as well as socially. A maxim of Chanakya says 'Economic prosperity creates prosperity of the people' [Subramanian 2000:22]. However it is essential that artha or the acquisition of wealth should conform to dharma. The Hindu scriptures recommend that within the framework of dharma one should earn wealth to one's capabilities and occupation. The Taittiriya Upanishat recommends that not only one should earn wealth but also contribute well

for charitable causes. The Sanskrit word for charity is “daana”. The ideal way to give noble-minded charity (daana of sattva type) is described in the verse 20 of the chapter 17 in the Bhagavad-Gita (Sreekrishna and Ravikumar 2011) as:

“Giving with the feeling that it is one’s duty to give, without expectation of anything in return, and offering it at the right place and at the right time to a worthy person, who cannot make any favor in return is of the nature of sattva”

Another important word in Sanskrit in relation to giving money in religious context is “Sambhaavana”. The Sanskrit word means “with good attitude”. This means that money is to be given for charity with good attitude as one is giving back to the society from which one has earned.

It is well known that money plays an important role both at an individual level and societal level. The need of food, clothing and shelter at the individual level and the flow of money between individuals are required for the collective operation of the society. The materialistic wealth enables an individual to interact and lead a harmonious life with others in the society. So it is important to note that the lack of money at an individual level results in social suffocation for that individual. It is said in Mahabharata (Danielou 1993:100) that

“This is a world of action in which work is glorified. Agriculture, cattle-raising, and craftsmanship all contribute to the creation of wealth. The sacred books tell that without material goods, we may neither fulfill our duties nor realize our desires. A rich man is able to perform his duty and obtain what he desires, which a man without means cannot do. It is said that virtue and pleasure are by-products of riches. Without wealth, nothing is possible.”

The Arthashastra is a treatise on economics and polity written around 382 B.C. by the Kautilya also known as Chanakya who was the minister of the King Chandragupta Maurya of the well-known Mauryan Empire of ancient India. Greek travelers such as Megasthenes and Daimachus lived during the rule of Chandragupta Maurya. The Indika of Megasthenes describes the wealth and prosperity of the state (Gokhale 1956:4). The objective of acquisition of wealth in reference to the society ruled by monarchy is dealt in the Arthashastra. The description of the by monarchy is dealt in the Arthashastra. The description of the 5). It is noted that Kautilya used the Arthashastra as a manual in showing how to lead a balanced life by balancing two aspects of life namely the mundane (materialistic) and transcendental (spiritual) (Rangapriya 1983, 2:205-11). Arthashastra, is also referred as the “science of means”, which explores the means of assuring economic and political development, through which possible activities are increased and the stability of goods acquired is guaranteed. The “science of means” thus covers the whole field of management, economics, justice, and government, as well as the art of prosperity (Danielou: 1993: 103)

It is seen from the literary sources both ancient and postancient that both national and international trade practices were in vogue. Both the Rig-Veda and Shatapatha Bramhana state that successful voyages were made to distant lands and maritime trade was a profitable outlet for merchants. It is seen from the references from Arthashastra that during Mauryan period both domestic and overseas business was greatly encouraged by the state. Merchants were provided with certain safety measures too (Leela 2006: 56). Another important aspect that is considered by

Kautilya in Arthashastra is relationship between the State and the market. It is noted that history is replete with examples to prove that under any circumstances the market cannot replace the state. The market can play its role. However, it cannot take over the responsibilities of the state (Joshi 2006:120).

“To know the responsibilities of the state and the role that the market can play would be an interesting exercise particularly when there is re-thinking on the main contents of Kautilya’s Arthashastra. The significance of such an exercise increases in this era of market oriented reforms.”

Hindu philosophy recommends that wealth should be earned well through hard work and right means. The earned wealth should not only be enjoyed but also given as charity. A Hindu scripture (Vishnudharmottara Purana) recommends 1/6 th of earning to be given as charity. It is desirable to become rich as it is said in Arthashastra that ‘It is not difficult for a rich man to do good, because its implementation depends on wealth’ (Danielou 1993:102). The richness and poverty are opposite to each other as said in Arthashastra that “The rich are ever happy, the poor are ever sad. The happiness and sorrow are divided among the rich and the poor.” (Subramanian 1980: 98). Thus giving charity in Hinduism is considered as spiritual action and it is to be cultivated as spiritual value. It should be given without expectation for return. It should be given to a worthy person at a right time and at a right place. (Kulkarni and Kulkarni: 2011)

5.3.3 Kama: the third objective

The third objective of life is known as kama in Sanskrit. It refers to fulfillment of sensual and materialistic desires. Although kama is third in order in the final form of fulfillment of desires, the general form of desire will be there as a driving force. For example, desire to learn and desire to earn money are prerequisite that would lead to the stage of fulfillment of materialistic and sensual desires. Hence desires play a major role in our life. In Mahabharata (Danielou 1993:111) it is said about desire as:

“There has never been, is not, and will never be anything that seems superior to what we desire. Desire is the essence of all actions, on which all notions of duty and wealth are based. Just as cream is the essence of the milk, so pleasure is the essence of duty, the source of wealth.”

The desires not only drive an individual’s life but also drive the collective life in the society. The interactions and transactions between individuals are driven by the desires. The Hindu scripture recommends that desire to earn more wealth can be channelized through an intention of giving charity to help the common causes of the society. In this way the two important objectives namely artha and kama can be balanced. So the desires and their fulfillment play a pivotal role in life. It is said in Shukra Niti (Danielou 1993: 112) that

“Pleasure is only easy where social and economic circumstances are favorable. In seeking to realize himself and in fulfilling his desires, each clashes with desires of others. This is life’s battle. Such a state of perpetual conflict can only be avoided by mutual agreement, by a set of conventions to which all subscribe for their own convenience. Respect for such conventions is known as ethics or duty. The pursuit of pleasure is made possible by only self-imposed limits, which in turn make it possible to lead an agreeable and organized collective existence. As with forms of wealth, there are also forms of pleasure, which run counter to duty, and upset the

balance that makes the pursuit of pleasure possible, of which intrusions into others' pleasures are an example.”

It is seen that desire occupies predominant role in our life. If one does not keep a check on desires, then it is possible that unethical and immoral desires can lead a person astray and to self-destruction. This means that desire can lead a person either to ethical or unethical actions. In the view of yogi-seer Sriranga Sadguru

“If kama comes first as in within the six-fold enemies namely unethical desire (kama), anger (krodha), greed (lobha), delusion (moha), arrogance (mada) and jealousy (matsarya), then kama must be rejected. However if kama comes third as in the fourfold objective namely dharma (righteousness), artha (wealth), kama (ethical desire) and moksha (self-perfection and bliss), then kama is to be respected”.

Thus kama as an ethical desire is an essential and integral part of four-fold objective that brings fulfillment in a person's life. Lord Krishna in Srimad Bhagavad-Gita (7.11) says as “ In all beings, I (Lord Krishna) am the desire that does not violate Dharma” (Sreekrishna and Ravikumar 2011:138)

5.3.4 Moksha: the fourth objective

The term moksha in Sanskrit refers to total freedom from bondages that cause miseries and suffering. Moksha would also mean spiritual consciousness that will elevate a human being to become free from dualities such as miseries and pleasures, birth and death, etc. The objective of moksha indicates the quest of a human being to freedom and unabated happiness. The sages of Hinduism assert that given the finite life and limitations of sensual and materialistic pleasures, the drive of human beings to pursue liberation from the fetters of life is natural and results in spiritual fulfillment.

To free ourselves from suffering and death and reach happiness is conscious or unconscious aim of all our instincts and all our efforts. Our interest in anything is limited to the extent it can abolish sorrow and produce joy, pleasure, and happiness. For this reason, the supreme aim of life is inevitably conceived as an experience of absolute happiness and total joy, representing union with a Transcendental Being who can only be joy, beyond all suffering and death (Danielou 1993: 127).

5.4 Four stages of human life

The above four objectives namely dharma, artha, kama and moksha relates to different stages of human life. It is known that the desire of a child and the desire of an adult are very different. So Hinduism provides a four-stage view of life of a human being namely student life, married (or family) life, retired (contemplative) life and the life of an elderly (renunciate) for spiritual development. These four stages of life provide a general guide for life.

The student life emphasizes learning, education and development of values. The married life focuses on the acquisition wealth and fulfillment of rightful desires. It is in this important stage that an individual transforms into a family, which becomes a unit of a society. The retired life is in which an individual give back through his or her experience and wisdom to the next

generation of the society. It is in this stage of life that spiritual frame of mind develops based on one's experiences in life. The final stage of the elderly life is in which spiritual contemplation (and renunciation) is emphasized (Prasad 2010: 9). Among these four stages discussed above, the householder who is in the stage of married life is very important in the social economy of the society as noted below (Hiriyanna 1975: 196).

“The functions of the householder are of great importance in the social economy of the community, for it is he that is the mainstay of the remaining ashramas (stages) – particularly the religious student and recluse, who have to depend upon others for their sustenance. He is the life-breath says Manu, of the rest of the society... The ideal life of a house-holder is, in the result, one in which artha (wealth) and kama (desires) are harmonized with dharma” The importance of earning money and married man's contribution are noted by Manu (Danielou 1993: 149)

Thus the four stages of human life provide an understanding as well as action plan for the life cycle. The four-fold objective and four stages of human life need to be integrated. The integration is essential because it will enable one to fulfill various desires at physical, emotional, intellectual and spiritual levels. After all, a human being has to use his or her free-will. So it is essential that a human being need to properly integrate the goals and stages of life to achieve fulfillment in life. Hinduism emphasizes that society has to provide an environment that nurtures this integration so that all members of the society can achieve the fulfillment in life.

5.4.1 Integration of four objectives in life

The three ontological entities according to Hindu philosophy are individual (jeeva), world (jagat) and God (Ishwara). Among these the world is common to all individuals and God is the principle that connects all the individuals and the world (Prasad 2001:171). God is referred as source and substratum of everything. God is also referred as all-pervading and in-dwelling principle. In Hinduism it is recognized that every human being operates consciously or unconsciously in three levels. These levels are physical, mental and spiritual. It is seen from the above discussions that both four objectives and four stages of life are applicable to all human beings. Also it is important to realize that these four objectives and four stages do not operate in isolation. A society is merely not a collection of human beings but it should also sustain harmonious interaction between the human beings at various stages of life. An integration of the four objectives along with four stages of life is essential such that society will be able to provide a supportive and conducive environment for all to pursue all the four objectives for fulfillment in life.

A question arises namely, which of the four objectives is important? Hindu scriptures answer this question by saying no objective can be ignored and all are equally important at various stages of life. The Hindu sages recommend that when the first three objectives namely dharma (abiding of laws), artha (earning wealth) and kama (fulfillment of desires) are to properly enjoyed, then the fulfillment of life occurs through the contentment, joy and bliss. In Mahabharata (Jois 2004:6) it said that ‘the triad namely dharma, artha and kama are inseparable. All the three should be enjoyed harmoniously and omitting one or two is to be deprecated’ According to Kautilya (Jois 2004:6) also, it is said, “in the inseparable unit of dharma, artha and kama, the one mentioned earlier is superior. This triad should be followed together.”

It is commonly observed that the most people in a society are working towards the two

objectives namely artha (earning wealth) and kama (pursuit of desires). However, the artha and kama are considered as short-term objectives but important whereas, the other two objectives namely dharma and moksha are long-term objectives in life. The Hinduism provides a vision in terms of long-term objectives and short-term objectives. The vision is that pursuit of short-term objectives should not be in conflict with the long-term objectives. In other words, to maintain the harmony between the short-term and long-term objectives, one needs to give importance to them in proper proportions. In the Hindu view, society also needs to give importance though providing proper support to both short-term and long-term objectives.

5.4.2 Individual and societal development

In another view of the four objectives, when artha (earning wealth) and kama (fulfillment of desires) are enjoyed within the bounds of dharma (moral and ethical laws) and moksha (spiritual knowledge), they give excellent results. In the words of yogi-seer Sriranga Sadguru, (Sriranga Vachanamrita 1993:47)

“Artha and Kama are like mischievous cows, which kick us when we go to milk them. But when we try to milk them after binding them to the pole of dharma on the one side and the pole of moksha on the other side, they profusely yield us sweet and nourishing milk.”

So every individual needs to pursue the two objectives namely the artha (earning wealth) and kama (fulfillment of pleasures) with the guidance of the remaining two objectives namely dharma (ethical and moral laws) and moksha (contentment and bliss). Then there will be not only development of an individual but also of the society. This bounded pursuit of wealth and pleasure is also necessary due to multi-faceted life such as physical, emotional, intellectual and spiritual. Kaushik discusses about ten empirical truths about Hinduism that speaks to us today about the steady and sustainable growth. The derivation of satisfaction from balance between the spiritual, mental and physical aspects of life has been historically a driver based on Hinduism for successful economy as noted below (Kaushik 2011).

“It is the systems and general equilibrium approach that is the strength of the Vedic system and culture which allows for the interplay between the three elements of the spiritual, physical and mental to create a peaceful and lasting existence and experience”

A society is an assimilation of individuals. Hinduism strongly recommends that individuals not only takes from the society but also contributes to the society. The contribution of money from an individual to the society is considered as a virtue. It is for this reason that Hindu philosophy advises that pursuit of wealth and pleasures are very important but they cannot be independent of moral and ethical laws on one end and achieving a spiritually contented life on the other end. This approach results in individual as well as societal development as noted below (Danielou 1993: 102)

“Society exists for the purpose of creating favorable conditions for the acquisition of material goods, wealth, and power, in turn allowing science, culture, virtue, religion, pleasure, and spiritual pursuits to flourish. The basis of social organization is thus mainly economic. Social divisions and the need for ethics, rites, and religion are all based on economics, or at least facilitate economic development under favorable conditions, which is in turn conducive to the realization of the four objectives of life.”

5.5 Concluding remarks

Thus we see that the individual and societal sustenance and progress is fully dependent on the four-fold objectives of life. However it is also important to recognize that when economic and business development and fulfillment of resulting desires and pleasures occurs within the bounds of ethical and moral laws and governed by spiritual values and contentment then total fulfillment results in life of an individual. It is very important that society needs to maintain a balanced environment where all its individual members can pursue total fulfillment in life. Although, some sources are available from ancient literature to show that a balance of the four-fold objectives was being enforced in Mauryan Empire by the state as recommended by Kautilya in his Arthashastra, which is more a practical manual than a theoretical guide. However further research and analysis are needed to study the extent to which the four-fold objective approaches and principles were actually followed in ancient India or currently followed.

It is to be noted that the United States constitution provided a template and encouraged the great American experiment in capitalist economy by declaring the universal goals (or ends) of “life, liberty and pursuit of happiness” based on equal opportunity. It is seen in the approach of Kautilya, the great Indian economist that the focus is on the “science of means” not just ends. The four-fold objective formulated in Hinduism (Sanatana Dharma) provided an older analogous template without ignoring the importance of liberty in self-centered pursuit of wealth and happiness.

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Chapter 6

Hindu Social Corporate Form and Shreni Dharma: Cure for Greed

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6.1 Background and Definition of Terms

This chapter is premised on the thesis that, while profit-making is a necessary concomitant of the pursuit of “materialistic ethos,” combating greed in corporations will help ensure that the beneficial activities of a corporation’s core business also impact positively on the imperative of social ethics.

The focus of this chapter is on curing the cancer of lobha, “greed” in economic activities. Dharma refers to laws, and also to fundamental duties or responsibilities governed by global ethics, leading to righteous conduct and performance of righteous duty. The root of the word is dhr meaning “that which upholds or supports,” and is generally translated into English as the “law” “that which upholds or supports,” and as the Gautama, the Buddha, uses the term “esha dhammo sanantano” or “this dharma eternal.” (See Wagle 1966). He explains dhamma as a “dependently arisen phenomena” (paticca-samuppanna-dhamma). In addition to signifying the overarching ethical order, the quintessential functions of a given profession (e.g., artisans or merchants) are signified by the

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word dharma: (e.g., kshatriya dharma, vaishya dharma, etc), including the dharma of relationships (e.g., aashrama dharma “responsibilities inherent in a particular stage of life”). Thus dharma binds a community to discipline, highlighting social responsibility.

Indian ethical pluralism is called dharma; an Indian state may be neutral as regards pantha nirapekshataa (i.e., neutrality as to religious preferences or paths or ideologies related to political economy), but has to be bound by dharma. At a corporate level, shreni dharma is dharma applicable to a corporation and is a contribution of Hinduism to economic thought and practice. It provides the mechanism to embed a “social ethic” enhancing the corporate model of capitalism or socialism—either of which operates within the framework of “rational, materialistic economic ethos.”

Shreni is a corporate form that evolved from the four-fold ordering of early society (often referred to as varnaashrama dharma, comprised of shoodra, vaishya, Kshatriya, and braahmana: (1) artisans and service providers; (2) merchants and agriculturists; (3) rulers and soldiers; and (4) scholars, teachers, and priests. This four-fold set of institutions made a clearcut demarcation of functions providing for checks and balances in a republican form of governance. The four-fold division of a society itself served as a preliminary check against greed in political economy. A shreni is an ancient Indian guild—a corporate form—of community groups such as artisans,

craftsmen, traders, municipal workers, paramilitary, or political entities. Synonyms used in ancient texts are gana, pani, graama, sangha, vrata, pooga, and nigama.

Shreni, in common parlance, is associated with hierarchy. But, it has no association with hierarchy in Hindu social formations. Many Catholic Church entities and many corporate forms of both socialism and capitalism have a hierarchy. shreni means not “hierarchy” but “a ladder with stairs”; that is, it is a mechanism for climbing up the ladder of wealth. Here are lexical meanings taken from A Comparative Dictionary of Indo-Aryan

Languages (1962–66):

shreenh 1 A line, series, row; 2 A flock, multitude, group; 3 A guild or company of traders, artisans &c., corporate body; dharma (m. pl.) the customs of trades or guilds; -shreenibaddha a. forming a row, being in a line; shreeneebhoo 1 To be arranged in regular order (Sanskrit). eeni, n < shreeni. 1. Number; 2. Tier; (Tamil) 3. eeni.] cf. nishshreenee. Ladder (Kannada. Malayalam. Tulu. Tamil); 4. Limit, boundary; 5. of houses; 2. Country, territory; shreeni. 1. Street, row Herdsmen’s street; 3. Line, row, series; 4.

The eighteen castes in a society. (Tamil) (Tamil Lexicon) A variant of the word also means a “tent” in a variant form, shreenikaa–f. tent (735).

The meaning used in this monograph is related to shreni as a

ladder—metaphorically, as a corporation of artisans, merchants, or financiers that leads to stepwise creation of wealth in various facets of a political economy. “The guild in ancient India was not merely the means for the development of arts and crafts. Through autonomy and freedom accorded to it by the law of the land, it became a center of strength and abode of liberal culture and progress, which truly made it a power and ornament of the society” (R. C. Majumdar [1920], 1969, p. 63). It should be underscored that a guild is a trade organization of workers— not of capitalists. Recommendation of this corporate form does not mean suggesting that all businesses and enterprises must be worker-owned. This concept will be elaborated on elsewhere in this chapter.

6.1.1 Historical Evolution of Shreni as a Social Corporate Form

The four-fold organization of varna in society is well-defined, and includes checks and balances (but a nonoverlapping division of responsibilities)—without impeding movement from one varna to another, based on one’s potential. It is related to the creation and administration of the nation’s wealth, and may have contributed to the emergence of shreni as the corporate form with clearly stipulated rules of ethical behavior exemplified by the directive in a Vedic text, the Brhadaaranyaka Upanishad—data, “give”! It is only after ethical rules (yama and niyama) are followed that aatmajnaana or self-realization (nihshreyas) can be attained. Nihshreyas and abhyudayam (social welfare) constitute the twin facets of dharma, the inviolate global and eternal ethic.

In implementation of shreni as a corporation, the extended kinship system practiced in India is the foundation to cover almost every kind of corporate business and also aspects of municipal activity. According to Kautilya, there were two kinds of janapadas (republics): ayudhiya-praya, those made up mostly of soldiers, and sreni-praya, those comprised of guilds of craftsmen, traders, and agriculturalists. (Agrawala 1963, 436–39). Shreni based on an economic interest

were often both part of the armed force of a state and recognized as having jurisdiction over their own members. (R. C. Majumdar [1920], 1969, pp. 18–29, 60–63; Drekmeier 1962, 275–77).

During the Gupta period in India (c. 320–554 CE), craftsmen's associations/organizations in Ptolemaic Egypt were called *koinon*, starting from their 3rd century BC origins of Roman *collegia*, spread with the extension of the Empire. The Chinese *hanghui* probably existed already during the Han Dynasty (206 BCE–220 CE), but certainly they were present in the Sui Dynasty (589–618 CE). Roman craftsman's organizations continued to develop in Italy of the Middle Ages under the name *ars*. In Germany they are first mentioned in the 10th century. The German name is *Zunft* (plural *Zünfte*) for guilds of craftsman and *Gilde* (plural *Gilden*) for guilds of merchants. *Métiers* in France and craft guilds in England emerged in the 12th century. Craft organizations (*senf, sinf*) stemmed from the 10th century in Iran, and were seen to spread also in Arabia and Turkish regions under the name *futuwwah* or *f'ut'uvvet*. (Wikipedia 2011g).

6.1.2 Corporate Organization of Artisans and Traders

It is difficult to determine with any amount of definiteness whether the *shreni* institutions or corporations, corresponding to the guilds of Medieval Europe, had developed in the early Vedic period. At present the sole evidence on this point consists of the use of the words *shreshthee* (*Aitareya Br.* III, 30, 3; *Kausheetaki XXVIII*, 6; *Taittiriya Br.* III, 1, 4, 10) and *gana* (*Pancavimsha Br.* VI, 9, 25; *XVII*, 1, 5, 12. Vs *XVII* 251 TS 1.8, 10, 2) in Vedic literature.

It is well-known that the word *shresht.hin* in later literature denoted the “headman of a guild.” Dr. Macdonell (1929. V.I., p. 403) remarks that the word may already have that sense in Vedic literature. Again, the word *gana* means any corporate organization, although in later literature it is almost exclusively used with reference to political and religious bodies. Rudolph Roth, however, points out that it is used in the sense of a “guild” in Vedic literature (*St. Petersburg Dictionary* 1855).

Pali literature, thousands of epigraphs, and ancient texts of ancient India, such as those of Kautilya, point to the role played by guilds in self-regulation of group activities—through democratically agreed-upon “articles of association or incorporation”—to minimize greed in public life. corporations are called *saamayika*. to violators: for example, “those who cause dissension among the members of an association shall undergo punishment of a specially severe kind; because they would prove extremely dangerous, like an (epidemic) disease, if they were allowed to go free” (cf. *Naarada X.1*, 6). *Yaajnavalkya samhita* lays down an emphatic dictum of political economy: *kartavyam vachanam tesham samooaha hitavaadinaam* (enforcers of the word of honor and those bound by the responsibility for social welfare). “The corporate spirit of a guild is most strikingly manifested in verse 190, which lays down that everything acquired by a man while engaged in the business of the guild (apparently including even gifts from king or other persons), must be paid to the guild itRules and regulations of the

The rules were enforced as self, and anyone failing to do this of his own accord, will have to pay a fine amounting to eleven times value” (R. C. Majumdar [1920], 1969, p. 38).

One passage in *Rgveda* refers to the organization of society into four classes. There is nothing to show that these corresponded to the four castes or formation of castes based on birth. The closest comparison may be to classes of the clergy, the noble, the middle class, and the laborers in the

European context. These were not rigid classes. A teacher could confer aarsheyam (Brahmanhood) upon a student (Kausheetaki 55), thus prescribing apprenticeship to become a member of a guild, say, of priests; they alone were a corporation of priests who possessed knowledge of the sacred texts. If prosperity attended a Kshatriya, he could engage in his service any kshatriya, braahmana, vaishya, or shoodra. Similarly any rich man belonging to any of the other three classes could employ a kshatriya, braahmana, vaishya, and shoodra, and each would be equally zealous in the services of his master—irrespective of the caste to which he belonged (R. C. Majumdar [1920], 1969, p. 339). Kaathaka (28, 5) clearly states that kshatriya are superior to braahmana; it was performance in carrying out responsibilities that counted. (Majumdar, 345). Sippa (craftsmanship or competence), not jaati, was the distinguishing determinant. Manu notes: “(The king) should carefully compel vaishyas and shoodras to perform the work (prescribed) for them; for if those two (castes) swerved from their duties, they would throw this (whole) world into confusion” (VIII.418). Shukraneeti reinforces the same dictum: “Every caste should practise the duties that have been mentioned as belonging to it and that have been practised by ancestors, and should otherwise be punished by kings.” (ch. IV, sect. IV, 82–83, translated by Binoykumar Sarkar). (See Drekmeier 1962).

Moogapakkha jaataka refers to a ruler who assembled the four varnas and 18 shreni. Such extended families of the same or different jaati included:

1. Workers in wood (carpenters, including cabinetmakers, wheel-wrights, builders of houses, builders of ships and builders of vehicles of all sorts).
2. Workers in metal, including gold and silver.
3. Leather workers.
4. Workers in stone.
5. Ivory workers.
6. Workers fabricating hydraulic engines (Oda-yantrika).
7. Bamboo workers (vasakara).
8. Braziers (kasakara).
9. Jewellers.
10. Weavers.
11. Potters.
12. Oilmillers (Tilapishaka).
13. Rush workers and basket makers.
14. Dyers.
15. Painters.
16. Corn-dealers (Dhamnika).
17. Cultivators.
18. Fisher folk.
19. Butchers.
20. Barbers and shampooers.
21. Garland makers and flower sellers.
22. Mariners.
23. Herdsmen.
24. Traders, including caravan traders.
25. Robbers and free-booters.
26. Forest police who guarded the caravans.
27. Money-lenders
28. Rope and matmakers.
29. Toddy-drawers.
30. Tailors.
31. Flour-makers.

(R. C. Majumdar 1920, 15–17)

One shreni of vee!aikkaara of chola agreed thus: “We protect

the villages belonging to the temple, its servants’ property and devotees, even though, in doing this, we lose ourselves or otherwise suffer. We provide for all the requirements of the temple so long as our community continues to exist, repairing such parts of the temple as get dilapidated in course of time and we get this, our contract, which is attested by us, engraved on stone and copper so that it may last as long as the Moon and the Sun endure” (Government Epigraphist’s Report (G.Ep.R.)[1902] 1913, 101, 29). Such voluntary statutes—with perpetual endowments made by members of the guilds—emphasized social and ethical responsibility, and explain the roles played by such corporate forms for creating the wealth of the nation and dotting of the entire nation with thousands of public or secular and religious structures such as temples, places of performances of samskaaras (religious observances), public assembly buildings, gardens, tanks, and irrigation systems. (See Thaplyal 2001). For example, a Chola inscription of the 10th century states that the villagers agreed to contribute toward the repair of the tank. “The committee for Supervision of Tanks in the village levied the contributions and agreed to arrange for the removal of silt annually” (G.Ep.R. No. 178 of 1902) (R. C. Majumdar [1920], 1969, p. 182).

Members of the guilds thus transformed themselves into trustees responsible for using public money for public good. The key operational principles of the functions of a corporation were democratic discussion and a secret ballot to elect officers of the corporation to enforce the ethical laws integral to the incorporation of an entity. As an example, “an inscription from Marudaadhu, belonging to the 8th year of Rajaraja I registers that a certain Kalipperumaan lost his life in the act of affording protection, against ruin, to his native village. The good residents of the district provided for a permanent lamp to burn in the local temple in order to secure merit for the martyr” (G.Ep.R. 1913, p. 96, para. 21) (R. C. Majumdar [1920], 1969, p. 197).

The Allahabad Pillar inscription informs us that mighty corporations such as those of the Yaudheyas, the Malavas, and the Arjunayanas had to pay taxes and make obeisance to the great emperor Samudragupta. (R. C. Majumdar [1920], 1969, p. 269). The Sangha or Gana mukhya (chief of a corporation) was responsible for implementing action approved by the Sangha (community as corporation). This completed the essence of the corporate form of ancient India, which contributed to making it one of the wealthiest regions of the globe up to the 17th century. During the days of the Bauddham, the formula was: “I take my refuge in the Buddha, I take my refuge in the Dhamma, I take my refuge in the Sangha.” This vow, this dharma-dhamma, regulated corporate life and continues to regulate the corporate social ethic that constitutes the social capital of the nation of India in a stunning dharma-dhamma continuum that informs the global ethic in corporate behavior, carried out to a level of integrity and consistency unprecedented in the history of human civilizations.

6.1.3 Cooperation to Acquire Wealth Combined with Social Ethics

A remarkable tradition of Hindu civilization is the promotion of pilgrimages. This is exemplified by the Tamil word *makamai*, which is defined as:

(n. < mahat n. < U. mahkama. 1. Contribution in grain for a temple or free lodging places for pilgrims (*chattram*), levied from cultivators now given optionally; tax or contribution levied for a religious or charitable purpose bearing a certain definite proportion to the rent payable 2. Donation for charity consisting of a fixed percentage on the profits of commercial transactions; 3. An ancient land tax (S. I. I. Vi, 187.) As R. C. Majumdar ([1920], 1969) explains: The spirit of co-operation was a marked feature in almost all fields of activity in ancient India and was manifest in social and religious as well as in political and economic life. The well-known ‘jaati’ (caste) and the sangha (the community of the Buddhist monks) are the most notable products of this spirit in the first two spheres life. The same spirit, however, played an equally important part in the remaining ones, and its effect may be seen typified in *gana* (political corporation) and *shreni* (guild) . . . There can be hardly any doubt that the caste organization assured the advantages of corporate life to its members, although it may be difficult to support the system as it exists at present . . . In ancient India corporate activity seems to have been manifest, in a marked degree, first in the economic field. This appears from a passage in the *Brhadaraanyaka Upanishad* when read along with shankaraachaarya’s comments thereon. [Sa naiva vyabhavat, sa vishama srjat yaayetaani devajaataani Ganash aakhyaayante. The comment of shankaraachaarya elucidates the meaning of this passage: kshaatra srsht.opi sa naiva vyabhavat karmane Brahma tathaa nu vyabhavat vittoparjayiturabhaavaat. Sa vishamasrjat karmasaadhana vittoparjanaaya. Kah punarasau vit? Yaanyetaani devajaataani, svaarthe nissht.haa ya ete devajaatibhedaa ityarthah Ganashah Ganam Ganam aakhyaayante kathyante Ganapaayaa hi vishah. praayena samhataa hi vittoparjanasamarthaah naikaikaishah. Translation:

We are told that on the analogy of the braahmanas, kshatriyas, vaishyas and shoodras in human society, Brahma created similar classes among the gods. But he was not content by bringing into existence the first two classes alone, because they could not acquire wealth. Hence were created the vaishyas who were called ganashah owing to the circumstance that it was by cooperation and not by individual effort that they could acquire wealth. The passage thus clearly refers to a fairly developed form of corporate activity in economic life as early as the later Vedic period. (1–10) Most of the over six hundred thousand villages of India, with

about one billion Hindus, are studded with public monuments, mostly temples. In the Hindu civilization tradition, temples are the centers of socio-cultural and community activity, including charities for calamities such as famine or flood relief.

Take the Swaminarayan movement. Its 14 hospitals serve over six hundred thousand patients annually; it runs 10 schools, eight colleges, 14 hostels; it has built 55 schools in disaster-hit areas; it aids 20 schools financially; gives 5000 scholarships annually. In Punjab, not a single man, woman or child would have gone hungry in the last three centuries, thanks to the langar in Gurudwaras feeding millions every day. Jains run huge charities all over the country. So do religious Muslims and Christians. Even the freedom movement was sustained by philanthropy. Lala Lajpat Rai gave all his properties to the movement; Chittaranjan Das and many others went bankrupt funding the movement . . . Traditional Indian business communities allocate a fixed share of their turnover for charity. The makamai, an informal charity tax among the Nadars in Tamil Nadu has funded hundreds of the community's educational institutions. The Nagarathars in Tamil Nadu too, through their makamai, run huge charities. The Marwaris and others do so through the dharmada. Even today this informal system prevails in noncorporate business in India. So charity is by the community as a whole, not by individuals. (Gurumurthy 2009b)

A good example of the full engagement of civil society in the construction and operations of a Hindu temple may be seen from a thousand-year-old temple of Thanjavur, South India:

The great temple of Thanjavur was built in a few years, from 1003 to 1010, during the reign of the great king Rajaraja (985–1014 CE), true founder of the Chola Empire which spread throughout the whole of southern India, part of Ceylon and the Maldives and Laccadive archipelagos. Richly endowed by the sovereign, the sanctuary, which also bears his name—it is sometimes called Rajarajesvaram—had a permanent staff of several hundred priests, 400 devadasi (sacred dancers), and 57 musicians, according to inscriptions and chronicles. The Brihadisvara's income in gold, silver and precious stones during the Chola period has been precisely evaluated. These vast resources were efficiently managed and provided not only for the upkeep and improvement of the buildings (which was continued until the 17th century) but also for real investments to be made. The temple lent money, at rates which could sometimes reach 30%, to ship-owners, village assemblies and craft guilds. (UNESCO 1987)

A color photo of the temple is available at Wikipedia (2011). Another example of a public monument is the Ellora cave

temple. The work was started around 750–800 AD by the Rashtrakuta rulers. At least two to three generations of artisans (about several thousand in number) worked on this temple. It took about 150 years to complete (Ellora 2010).

A corporation is created under the laws of a state as a separate legal entity having its own privileges and liabilities distinct from those of its members. The British East India Company typifies a corporation, which evolved new methods of business that were both brutal and exploitive (Keay 1991). The role of a corporation in Hindu civilization is similarly delineated in the context of a state and its ruler: paashandha naigama shreni pooga, vrata, ganaadishu samrakshet samayam raaja durgam janapade tathaa (Narada Smrti): “The ruler should afford protection to compacts of associations of believers of Veda (naigamas) as also of disbelievers in Veda (paashandhis) and to others.” This was raajadharma, for an egalitarian society, and the constitutional law to be obeyed by the kings (states).

6.2 Economics of Shreni as an Ethical Cure for Greed

6.2.1 Nature of Self-Realization Linked to Ethical Behavior: Daana; Datta “[Humans], Give!”

Ancient sacred texts, law books, and practices of ancestors in Hindu traditions were the foundations for the social ethic and related behavior prescribed for everyone:

An ancient vedic text, Brhadaaranyaka Upanishad exhorts: data “[humans], give!” (cf. Kazanas 2011).

Manusmrti 1.86 emphasizes daanam ekam. kalau yuge (“giving alone in the kali yuga”).

Astaanga-yoga of Patanjali (2.29) emphasizes that ethical behavior is the foundation that leads to self-realization, aatmajnaana—realizing aham. brahma-asmi (Brhadaaranyaka Upanishad 1.4.10); yas tu sarvaani bhootaany-aatmany-evaanupashyati sarvabhooteshu ca-aatmaanam (Eeshaa Upanishad 6) (trans. “I am brahman, the supreme aatman”; “all living beings are embodiments of the same aatman”).

6.2.2 Framework of Rules for Ethical Behavior

Yoga was a popular form in ancient India, with its foundations being based on rules of ethical behavior. Ethical behavior and self-realization were complementary and inseparable, and hence, the following eight stages (limbs) of yoga are enunciated:

8. samaadhi (absorption)
7. dhyaana (meditation)
6. dhaaranaa (concentration of the mind)
5. pratyahaara (withdrawal of the senses)
4. praanaayaama (breath regulation)
3. aasana (body position)
2. niyama (internal rules)
1. yama (external rules/code of conduct)

Astaanga-yoga of Patanjali prescribed yama (1) and niyama (2) (external and internal rules of conduct): ethical behavior—yama and niyama—were the firm, fundamental first steps; they involved dharma, sukraani, and daana (righteous duty, good deeds, and liberality). At a practical level, the following traits were encouraged, without giving up the materialistic ethos: anumati, asuratva, daana, pankti, vasutaa, jigishaa [agreement, lordship, liberality, fiveness (also “row”), wealthiness, desire to win]. Thus, without the first steps of a social ethic, no self-realization was attainable through subsequent steps. The external rules of conduct, yama, are:

ahimsaa, satya, asteya, brahmacarya, and aparigraha (noninjury, truth, non-stealing, life of purity, nongrabbing, and non-amassing).

Patanjali notes yogash citta-vrtti-nirodha, which translates as “yoga affects the cessation of mind-movements.” All such movements of thinking and feeling are caused by five kleshas (“negative human afflictions”). These are: avidyaa asmitaa raaga dvesha abhinivesha [ignorance, egoism (separate ego), attachment, passion, abhorrence, and attachment to the world].

In this background of Hindu gestalt–tradition and practices– the trusteeship principle can be appreciated. In the November 26, 1932 issue of Young India, Gandhiji made the following observations with regard to the doctrine of trusteeship: My idea of society is that while we are born equal, meaning

thereby that we all have a right to equal opportunity, all have not the same capacity. It is in the nature of things impossible. For instance, all cannot have same height, color or degree of intelligence. Therefore, in nature of things, some will have ability to earn more and others less. Normally, people with talents will have more. Such people should be viewed to exist as trustees and in no other terms . . . Suppose I have earned a fair amount of wealth either by way of legacy or by means of trade and industry. I must know that all that belongs to me is the right to an honorable livelihood no better than what is enjoyed by millions of others, the rest of my wealth belongs to the community and be used for the welfare of the community.

The Gautama Dharma Sutra (circa 500 BC) notes: “Laws of districts, castes, and families, when not opposed to sacred texts, are an authority . . . Ploughmen, merchants, herdsmen, money-lenders, and artisans (are also authority) for their respective classes.” Manu, who is dated to earlier than the Common Era, notes: “A king should enforce his own law only after a careful examination of the laws of castes and districts, guild-laws, and family-laws.”

Yajñavalkya emphasizes that “the king must discipline and

establish again on the path (of duty) all such as have erred from their own laws, whether families, castes, guilds, associations, or (people of certain) districts.”

Vishnu-smṛti, or Vaishnava Dharma shastra, or VishnuSutra (circa 3rd century) refers to guilds of metal workers and smiths of silver and gold. Some specific laws may be cited:

3. The beam of the balance should be made of strong wood (such as that of the khadira or tinduka trees), five hastas long, and the two scales must be suspended on both sides of it, (and the whole suspended upon the transverse beam by means of an iron hook).

4. A man out of the guild of goldsmiths, or of braziers, should make it equal on both sides. The shreni was a separate legal entity that had the ability to hold property separately from its owners, construct its own rules for governing the behavior of its members, and contract, sue, and be sued in its own name. Some sources make reference to a government official (bhaandhagaarika) who worked as an arbitrator for disputes among shreni from at least the sixth century BC onward.

shraddhayaa ishtam ca poortam ca nityam kuryaad atandritah

shraddhaakrte hyakshaye te bhavatah svaamaataira dhanih

daanadharma m jisheveta nityam aishtika paurtikam paritushtena bhaavena paatram aasaadya

shaktitah (Manusmrti 4.226–227)

226. Let him, without tiring, always offer sacrifices and perform works of charity with faith; for offerings and charitable works made with faith and with lawfully-earned money, (procure) endless rewards.

227. Let him always practice, according to his ability, with a cheerful heart, the duty of liberality, both by sacrifices and by charitable works, if he finds a worthy recipient (for his gifts.)

The terms *ishtam* and *poortam* are explained as being related to both religious and charitable acts: (1) *yajna* and hospitality; and (2) building works of public utility such as tanks, wells, and groves; giving food; setting up of *dharma shaalas* (free hostels for pilgrims) and schools; providing relief for the sick; giving to promote education; and donating to temples.

There is little doubt that most of ancient India's economic and civic activity was managed through the corporate forms known as *shreni* that contributed to the creation of the wealth of ancient India. This wealth was phenomenal on a global scale: India had the world's largest economy from the first to 11th century, and in the 18th century, with a share of world GDP ranging from 32.9 percent in the first century to a 28.9 percent share in 1000 AD, and with a 24.4 percent share in 1700 AD. Angus Maddison (2003) estimates that India's share of the world income, 24.4 percent in 1700, was comparable to Europe's share of 23.3 percent. However, in over two hundred years, the 24.4 percent share of India in world GDP was reduced to a devastating low of 3.8 percent in 1952 owing to a variety of factors such as colonial rule, colonial loot, recurrent famines, and failure to introduce in India the technological innovations of the Industrial Revolution.

E. Washburn Hopkins (1901), in his pathbreaking survey of mahajan community in Mumbai and Gujarat, establishes how the millennia-old *shreni* dharma continued to be practiced by the guild in the beginning of the 20th century. This practice of *shreni* dharma continues even today.

Vaidyanathan (2006) demonstrates the role of the unincorporated sector in the modern Indian economy. This sector consists of categories such as Proprietor and Partnership (P&P) firms and self-employed persons. This sector has the largest share in India's national income, manufacturing activities, services, savings, investment, direct and indirect taxes, credit market, employment, foreign exchange earnings, and every other segment of the Indian economy. Whatever growth ranging from 5 percent to 9 percent per year that has occurred in independent India is significantly due to the contribution made by this unincorporated sector, which is essentially a continuum of *shreni* dharma.

Providing a perspective of the Indian economy, Vaidyanathan (2009) summarizes the contributions to GDP of agriculture (20 percent), government (20 percent), incorporated sector of eight thousand companies listed under the 1956 Companies Act (15 percent), and unincorporated sector (45 percent). Even in manufacturing activities, the unincorporated sector contributes to 40 percent of the value addition. The unincorporated sector is the real engine of economic growth in India, with a dominant presence in activities such as construction, trade, hotels, and transport, and has contributed to an annual growth rate of more than 8 percent in the first decade of 2000. The rates of gross domestic capital formation in the unincorporated sector varied between 16 to

27 percent during 1960–61 to 1984–85. Most of the entities in this unincorporated sector are exemplars of shreni dharma (Vaidyanathan 1988, 55).

The shreni as a corporate form is not merely a historical reality but continues to exist even today in Independent India, despite the adoption of a written constitution governed by principles of Roman jurisprudence, and laissez-faire economic principles governing the wealth of the nation; this has occurred through laws of corporate governance such as the 1956 Companies Act. According to a UNIDO survey of Indian Small Scale Industry (SSI) clusters undertaken in 1996, there were 350 SSI clusters and approximately two thousand rural and artisan-based clusters in India. It is estimated that these clusters contributed 60 percent of the manufactured exports from India (UNIDO 1997). These clusters had evolved out of the shreni corporate network. Voluntary organizations called Ekal Vidyalaya (single-teacher schools) operate in over thirty thousand villages in India as a splendid example of education outreach. Many religious institutions run thousands of hospitals to provide healthcare to those who otherwise would not receive it. Vaidyanathan (2011) notes, “A lot of our education, healthcare, arts, literature, and spirituality efforts/ventures have been fully financed by businessmen who are even shy to talk about it. Herein is the secret to the fundamental ethos of giving in India. It is done without advertisements and trumpets. Actually in our tradition the giver is reluctant to talk about it since it embarrasses the receiver.” The National Sample Survey Organization (NSSO 2005) counted over 42 million small and tiny units, out of which 45 percent were owned by backward castes, scheduled castes, and scheduled tribes, providing employment to 90 million people (Gurumurthy 2009a). The Goundar shreni of Sankagiri and Namakkal own the largest fleet of lorry, tanker, and tipper transport vehicles in the whole of India. Two-thirds of the global diamond trade is organized by Patel shreni. Three-fourths of the retail trade, match works, and fireworks in Tamil Nadu are with Nadar shreni. The Goundar shreni of Tirupur manages an annual export of knitwear garments valued at over \$2 billion (World Bank 2001).

6.2.3 Guild Laws (Shreni Dharma)

Guild laws, based on customs and usage, covered aspects of organization, production, and determination of prices of commodities. Manusmriti directs a king to acquire knowledge of laws of the shrenis, and enjoins that a guild member who breaks an agreement must be banished from the realm by the ruler.

The Gautama Dharma-Sutra explains the law that “cultivators, traders, herdsmen, moneylenders, and artisans have authority to lay down rules for their respective classes and the ruler was to consult their representatives while dealing with matters relating to them.” The Gautama Dharma-Sutra also directs the ruler to consult guild representatives while dealing with matters concerning guilds.

Kautilya’s Arthashastra refers to guilds of a cooperative nature as samutthachara, and notes that a superintendent of accounts (karanika) kept a record of the customs and transactions of corporations. Profits and losses were to be shared by members in proportion to their shares, and severe punishment was prescribed for those who embezzled guild property (Yajñavalkya Smṛiti).

6.2.4 Guild Structure

The corporate form had three components: (a) the General Assembly, (b) the Guild Chairman or the Head, and (c) the Executive Officers, with each component having a well-defined sphere of jurisdiction.

a. The General Assembly

All the members of the Guild constituted the General Assembly.

b. The Guild Head

The concept of a “manager” of a Joint, or Hindu Undivided Family, has existed for two thousand years or more. This manager is called *kartha* in Hindu law. A comparable position is that of a manager or president of a guild, who was called a *shreshthin*. This position is comparable to the chairman of the board of directors in a modern corporation.

The *shreni* was the guild; the *shreshthin* was the “guild Chairperson.” In the Gupta age, *shresht.hins*, *saarthavahas*, *prathamakulikas* (head of a local guild), and *prathamakaayastha* (Head Accounts–Officer) figured in town and district councils. Some guilds maintained armies that accompanied trade caravans; *shrenibala* or *aayudha shrenis* (guilds of arms) also existed. The guild head was elected by members of the *shreni*. He could be removed by the general assembly. The head could punish a guilty member by removing him or her from membership. *Setthis* were merchant-cumbankers who also headed merchant guilds. Early Buddhist texts refer to the head of a guild as the *jetthaka* or *pamukkha*; examples are “head of garland makers” (*malakara jetthaka*) and “head of carpenters’ guild” (*vaddhaki jetthaka*).

c. Executive Officers

To assist the guild head and to look after the day-to-day business of the guild, two to five Executive Officers (*karyachintakas*) were appointed (*Yajñavalkya Smṛti*). They were to be persons of honesty governed by selflessness, but with ability and knowledge of law books. They were elected by the general assembly.

6.2.5 Fundamental Duties of the Guilds

The corporate form, the *shreni*, was widely in vogue in ancient India. *Harivamsha* refers to a wrestling match between Krishna and Kamsa. The arena for the match was constructed with pavilions of different guilds, and banners showed emblems signifying their craft.

The economic *shreni* had many functions: banking, adjudication, charity, and civic responsibility. The key operative principle was dispersed ownership to avoid the creation of monopolies. Each *shreni* had a corporate structure with a headman and executive officers (*jetthaka* and *karyachintaka*) to implement or enforce the law–governing ethic–called *shreni dharma*. *Shreni dharma* was debated among members, put in writing, and registered with provisions for avenues of redress to unhappy members (appeal to *shreni*, appeal to ruler, insulation from liability). The economics of the *shreni* were premised on mutual confidence, democratic institutions, shared assets and liabilities, division rules regarding capital contributions and profits, and apprenticeship to build up skills. Thus relative contributions of members (skill, labor, and capital) were recognized in the entity of craft people, called *shreni*.

Epigraphs from Sanchi, Bharhut, Bodhgaya, Mathura, and the sites of western Deccan refer to donations made by guilds, such as those of the flour makers, weavers, oil millers, potters, manufacturers of hydraulic engines, corn dealers, and bamboo workers.

Guilds used part of their profits for preservation and maintenance of assembly halls, watersheds, shrines, tanks, and gardens, and also to help those in need such as widows, the poor, and the destitute. Guilds loaned money to artisans and merchants. Guilds also engaged in works of piety and charity and offered donations to alleviate situations of distress in the society. A Mathura Inscription (2nd century CE) refers to the two permanent endowments of 550 silver coins each with two guilds to feed Brahmins and the poor from the interest money. The Nasik inscription (2nd century CE) records the endowment of two thousand kaarshapanas at the rate of 1 percent (per month) with a weavers' guild for providing cloth to bhikshus and one thousand kaarshapanas at the rate of .75 percent (per month) with another weavers' guild for serving meals to them.

6.2.6 Sreni Dharma, or Social Capital, the Missing Element of Economics

As indicated by Khanna (2005):

The examination reveals that business people on the Indian subcontinent utilized the corporate form from a very early period. The corporate form (e.g., the shreni) was being used in India from at least 800 BCE, and perhaps even earlier, and was in more or less continuous use since then until the advent of the Islamic invasions around 1000 AD.

This provides evidence for the use of the corporate form centuries before the earliest Roman proto-corporations. In fact, the use of the shreni in Ancient India was widespread including virtually every kind of business, political and municipal activity. Moreover, when we examine how these entities were structured, governed and regulated we find that they bear many similarities to corporations and, indeed, to modern U.S. corporations. The familiar concerns of agency costs and incentive effects are both present and addressed in quite similar ways as are many other aspects of the law regulating business entities. Further, examining the historical development of the shreni indicates that the factors leading to the growth of this corporate form are consistent with those put forward for the growth of organizational entities in Europe. These factors include increasing trade, methods to contain agency costs, and methods to patrol the boundaries between the assets of the and those of its members (i.e., to facilitate asset partitioning and reduce creditor information costs). Finally, examination of the development of the shreni in Ancient India sheds light on the importance of state structure for the growth of trade and the corporate form as well as on prospects for some kind of convergence in corporate governance.

6.2.7 Definition of Proprietorship

We will begin the discussion with philosophical underpinnings and then discuss practical aspects in the context of corporate behavior. The philosophical underpinning for trusteeship, as the statutory framework to set apart a predetermined percentage of wealth for social causes, is derived from the injunction of an ancient sacred text against excessive accumulation of wealth:

yaavad bhriyeta jat.haram taavat svatvam hi dehinaam adhikam yo bhimanyeta sa steno dandham arhati "One may claim proprietorship to as much wealth as required

to maintain body and soul together, but one who desires proprietorship over more than that must be considered a thief, and he deserves to be punished by the laws of nature" (Bhaagavatam 7.14.8).

This stunning definition of proprietorship is the defining dharma for a corporation in Hindu

traditions that produced the shreni dharma. We are not suggesting that property ownership laws should be done away with. For example, the house belongs to the owner as his or her property, but its use is constrained by the social responsibility of the owner as a member of a shreni, a social corporation.

6.2.8 Discussions on Operationalizing Shreni Dharma for a Paradigm Shift in Economic Thought and Practice

This section evaluates the corporate forms of ancient India that allows for a merger of spirituality with materialistic ethos. These forms largely continue in modern India and provide a framework for redefining the modern corporate form with the spiritual content of dharma (righteous conduct, avoidance of greed, and avoidance of aggrandizement by excessive acquisition of wealth to the detriment of the social cause). This section is important because the ethical values are blended integrally and unambiguously with materialistic values; these ethical values strengthen the material foundations of economic thought to minimize the evil effects of greed, which constitute an aberration in human behavior. In Hindu thought, the aberrant human behaviors are referred to as shadhipu (six enemies): (1) Lust (Sanskrit: kaama), (2) Greed (Sanskrit: lobha), (3) Anger (Sanskrit: krodha), (4) Pride (Sanskrit: mada), (5) Attachment (Sanskrit: moha), and (6) Covetousness (Sanskrit: matsara).

6.2.9 Is Greed Good?

A by-product of the “materialistic economic ethos” is the repeated occurrence of corrupt practices in some modern corporations, of accumulation of illicit wealth, caused principally by the natural human behavioral trait of greed. There are some who claim that “greed” is a welcome trait as a motivator for creation of wealth. Ivan Boesky defended greed in a May 18, 1986 commencement address at the UC Berkeley’s School of Business Administration: “Greed is all right, by the way. I want you to know that. I think greed is healthy. You can be greedy and still feel good about yourself” (Gabriel 2001). A 1987 film, *Wall Street*, was inspired by this speech; the quotable line of the movie was “greed, for lack of a better word, is good” (Ross 2005). A contra, traditional view is that of St. Thomas Aquinas, who wrote that greed was “a sin against God, just as all mortal sins, in as much as man condemns things eternal for the sake of temporal things.” (Wikipedia 2011e).

An extreme example of greed in a state is provided by a remarkable law that came into force in Switzerland on February 1, 2011. It is about “restitution of illicit assets” to the people resulting from a state freezing such illicit assets held by state operatives in Swiss banks (Switzerland 2011).

Restitution of illicit assets of politically exposed persons (PEPs), who are a legally recognized category in international law. This category includes specifically heads of state or governments; high-ranking politicians; high-ranking members of the administration, judiciary, armed forces, or national political parties; and senior executives of state-owned corporations of national importance. It also includes natural or legal persons who are closely associated with PEPs for family, personal, or business reasons (close associates). For instance, illicit assets of Moammar Gaddafi of Libya were frozen, with the objective of the law being to enforce restitution of the wealth to the people to whom it really belongs. This is one example of a state acting to enforce the social ethic to combat or cure greed.

6.2.10 Fault Lines of Greed, Corruption, and Excesses of State or Corporate Power

Corporate forms of capitalism or socialism have developed fault lines of greed, corruption, and excesses of state or corporate power governed by unethical human behavior under the cover of excessive emphasis on individual rights with reduced emphasis on the fundamental duties of corporations.

Functions of the shreni as a corporation should be distinguished from philanthrocapitalism with its concentration of power in a few capitalists (Karunakaran 2011). In a shreni, philanthropy is controlled by the elders of civil society, and decisions about charity are not “individual” decisions, but the democratic ones of the shreni’s members. An example may be cited: Alliance for a Green Revolution in Africa (AGRA) is a philanthropy initiative of the Rockefeller Foundation and the Bill & Melinda Gates Foundation. The Gates Foundation alone has committed \$264.5 million to AGRA. The \$23.1-million investment by the Gates Foundation in Monsanto, the world’s largest producer of GM seeds, is an example of the intersection of growth strategies of corporations and philanthropy. Since 1994, the foundation has invested over \$13 billion in healthcare alone, representing 60 percent of its giving in about two decades. The criticisms of such initiatives arise from the lack of involvement of farmers or civil society members.

Fukuyama’s macro-level theory of economic conditions refers to the trust a society displays in terms of non-kin relationships—defined as voluntary associations. However Fukuyama (1995), who identifies culture as the “20 per cent missing element” of economics, fails to notice that such institutions for social capital already exist in the shreni dharma practiced by Hindus in extended kinship systems as socioeconomic networks of families (kula), with the shreni providing for social insurance to the members of the guild, and shreni as a corporate form automatically generating social capital.

6.3 Incorporation of Hindu Shreni in Economic Thought and Practice

6.3.1 Embedding Social Ethic in Capitalism and Socialism

Corporate models of both capitalism and socialism operate within the framework of “rational, materialistic economic ethos” premised on “rational self-interest” of an individual endeavoring to make the best choices with the information available. The corporate model of shreni dharma is a paradigm shift—taking the rational individual self-interest to an extended-kinship-system interest beyond an individual “self-interest”—and is premised on a “social ethic,” mandating a trusteeship to set apart and ensure distribution of a predetermined portion of the proceeds of economic activity to service social needs—to provide for social insurance of the members of the corporation and to build up social capital as a shreni dharma fund. Thus, “rational self-interest” gets modulated by the “social ethic” imperative of mandatory contributions to the society. It is mandatory because it is the repayment of the rnam (debt) the shreni owes to the society, because the shreni gets its unique identity as a legacy from the forefathers (pitrs) of the Hindu samajam (society). The “rational self-interest” gets elevated to self-realization—aatmajnaana, elevating the joy of living to the ecstasy of being. It is a realization of the ecstasy of being: yas tu sarvaani bhootaany-aatmany-evaanupashyati sarvabhooteshu ca-aatmaanam (EEshaa Upanishad 6) (translated as “all living beings are embodiments of the same aatman”).

The corporate model under capitalism or socialism results in a monopoly being entrusted to the

state for the legitimate use of force. The consequence is a model of political economy with a fault line, which typically survives in the United States and other developed states of the world even today.

This model has the fault line created by greed, which leads to the impoverishment of many nations and aggrandizement of a few select groups controlling the commanding heights of economies.

In the global ethic of dharma in the context of Hinduism, no such monopoly was possible. Each village functioned as an independent republic, avoiding the need for the state as an axis between the corporation involved in economic activities and the state operatives' exercise of state power. (See Sharma, 1968). Kautilya's Arthashastra is a treatise on the creation of the wealth of a nation; the accumulation and deployment of wealth for social benefit is the centerpiece of this remarkable system that evolved in ancient India and continues even today in many parts of the nation, be it in Tiruppur's production of cotton hosiery products or in Haryana's production of woolen garments.

Weber (1958) notes that "other-worldly" (nihshreyas) in Hindu thought was directed toward release from "the wheel of rebirth," which meant escaping from the encumbrances of the material world (unlike Puritanism, which called for rational mastery of that world itself). Weber notes that caste is a closed status group of a type found in many places throughout the world, not only in India. "Caste is the fundamental institution of Hinduism . . . Without caste, there is no Hindu" (29). The unique development of the caste system in India was supported by the extended kinship system exemplified in shreni dharma. The extended kinship system or family (kula) constituted a caste and became the social capital for the community and a social security system for that jaati (caste).

It should be underscored here that we are not arguing for a reversal of organized societies based on castes related to birth, but a division of labor and skills taking into account variations in human potential, and an attempt to eliminate or mitigate the evils of greed, acquisitive tendencies, and evils of aggrandizement.

It is imperative to underscore the importance of egalitarianism in Hindu society, which was as valid in Paanini's time as it is today. This is relevant to ensure that in focusing on a corporate form, the democratic principle of equality and equal treatment of the law is not in any way undermined. According to Paanini, egalitarianism was an important element in the fifth century BC: he preserves a special term for the gana where "there was no distinction between high and low" (Agrawala 1963, 428). What may be the clearest statement of egalitarian political ideology comes to us only through many intermediaries, as a tantalizing passage in Diodorus Siculus (2.39; [unknown] 1963, 236), which seems to be derived from Megasthenes:

Of several remarkable customs existing among the Indians, there is one prescribed by their [sc. Indian] ancient philosophers which one may regard as truly admirable: for the law ordains that no one among them shall, under any circumstances, be a slave, but that, enjoying freedom, they shall respect the principle of equality in all persons: for those, they thought, who have learned neither to domineer over nor to cringe to others will attain the life best adapted for all vicissitudes of life: since it is silly to make laws on the basis of equality of all persons and yet to

establish inequalities in social intercourse (236).

Megasthenes (who was a contemporary of Kautilya) is often criticized for the good reason that slavery and other forms of inequality did indeed exist among the Indians. But perhaps he correctly presented the views of “their ancient philosophers.”

In the Hindu corporate ethic, practiced by shreni or socioeconomic guilds as decentralized, democratic institutions, creation of wealth was a necessary and desirable enterprise—but, with built-in safeguards to subdue the evil of greed (cf. the Uttaramerur epigraph showing the detailed procedures for democratic elections of village assemblies entrusted with civic responsibilities such as maintenance of the village republic’s tanks, gardens, roads, temples, etc. The remarkable feature of this process was that selection of candidates was not based on caste but only on the character of the chosen candidates, as perceived and certified by the elders of the village republic). Tendencies of greed are tempered by the imperative of reaching out to the society through a trusteeship system and social insurance for an extended kinship system of the shreni. Shreni dharma becomes reflected in the adoration of Lakshmi as the feminine divine form of wealth, celebrated every year on Deepavali day by the lighting up of an array of lamps symbolizing the corporate citizens’ resolve to move away from darkness to light, and by identifying the supreme divinity in every atman. Shreni dharma thus embodied two active, meshed facets: nihsreyas (release from the material world) and abhyudaya (social welfare) (Kanaada’s Vaisheshika Sutra).

6.3.2 Control by Committee of Elders of Civil Society in Uttaramerur

Chola King Parakesarivarman, who conquered Madurai about one thousand years ago, left behind a remarkable inscription that explains how corporate forms were structured to combat greed and to ensure effective functioning of democratically elected civic/social corporate institutions. The key excerpts from this inscription of Uttaramerur are as follows:

6.3.2.1 Settlement

Sitting with us and convening the committee in accordance with the royal command, made a settlement as follows according to the terms of the royal letter for choosing once every year from this year forward members for the “Annual Committee,” “Garden Committee,” and “Tank Committee”:

6.3.2.2 Constitution of the Committee

Of the thirty men thus chosen, those who had previously been on the Garden committee and on the Tank committee, those who are advanced in learning, and those who are advanced in age shall be chosen for the Annual Committee. Of the rest, twelve shall be taken for the Garden committee and the remaining six shall form the Tank committee. These last two committees shall be chosen by showing the Karai.

6.3.2.3 Duration of the Committees

The great men of these three committees thus chosen for them shall hold office for full three hundred and sixty days and then retire.

Removal of Persons Found Guilty

When one who is on the committee is found guilty of any offense, he shall be removed at once: for appointing the committees after these have retired, the members of the Committee “for Supervision of Justice” in the twelve streets of Uttaramerur shall convene an assembly *kuri* with the help of the Arbitrator. The committees shall be appointed by drawing pot-tickets according to this order of settlement. (Venkayya 1904)

Yes, there were social inequities during the historical period after the Chola kings, during the colonial regime in particular that accentuated “caste” identities by linking them to state patronage, but not all inequities were caused exclusively by caste identities. Many were instead caused by the inherent weaknesses of any society in creating untenable distinctions among its classes of people principally relating to economic status resulting from wealth accumulated due to performance of a profession.

It would be a gross error in evaluation to stereotype a society as large as a billion Hindus by sorting them into rigid castes or to classify every report or anecdote of social inequity as being related to castes. No occupation was exclusively caste-based. Braahmanas engaged in occupations such as shop keeping, selling meat, lending money, tending cattle, and acting in theaters. For example, in educational institutions, “the rules and regulations about the life of a student in his teacher’s house, as laid down in the ancient Dharma shaastras, fully harmonize with the corporate character of the educational institutions as deduced from the Jataka stories” (Majumdar 1920, 365) “An inscription on a pillar in a temple at Nandavaram in Kurnul District, dated Saka 1492, records the resolution of the Vidvanmahaajanas of Nandavaram on the occasion when their agrahaara village was restored to them and they were reinstated in it by the authorities, that they would take to the study of the Vedas and the shaastras and would abstain from levying dowries for marriage of girls in their community” (Annual Report on South Indian Epigraphy 1913–15).

6.3.3 Duty of Care and Duty of Loyalty

Khanna (2005) in his lucid evaluation of the corporate form of *shreni* in Hindu tradition notes:

There also appears to have been obligations that mirrored the duty of care and duty of loyalty that are such a common feature of today’s fiduciary duties. For a cause of action based on a pattern negligently causing harm to the partnership the partners sat in judgment on their co-partner and decided whether such negligence in fact occurred. If the partner was found negligent he had to make good the losses. This bears some similarity to today’s duty of care. Moreover, if the allegation was fraud then the accused partner would face some kind of ordeal or oath. If the partner failed then he would have to make good the losses to the partnership, forfeit his profits and be removed from the partnership. This bears some similarity (except for the method of proof) to today’s duty of loyalty. (8)

These twin duties, duty of care and duty of loyalty as the means to enforce *shreni* dharma, represent a remarkable facet of auto-regulation by the corporate entity in discharging its social responsibility. Thus, the two-faceted ethic of dharma resulted in a combination of economic activity meshed with the imperative of building social capital.

6.3.4 *Shreni* Dharma Fund Administered by Elders of Civil Society

The reality that the extended kinship system of the *shreni* provides for insurance coverage to its members has obviated the need for a state-administered social security system, which, together

with interest on sovereign debt, has become a major burden on many developed states' annual budgets.

The incorporation of shreni dharma in a modern corporation can be accomplished by incorporating the social ethic as an integral function of a corporation and by voluntary consensus, stipulating a percentage of the annual expenditure to be spent on contributions to the social insurance of the members of the corporation and for trusteeship functions related to civic responsibilities of a corporation and on donations to charitable and social causes, and to provide relief measures to communities during situations of acute distress such as the devastation caused in Japan in 2011 in the wake of an earthquake measuring 8.9 on the Richter scale and its resultant tsunami in eastern Japan. Such specified percentage of the annual expenditure of a corporation should be accumulated in a social ethic corpus fund called the shreni dharma fund. The inflow and outgo from the fund should be monitored and administered by an independent shreni authority specific to the economic sector to which the corporation belongs. In Tamil Nadu, such a trust fund is referred to as arha-k-kattalai, "dharma institute or statute."

The key ingredient in a shreni structure as a corporation that prevents the pitfalls of philanthro-capitalism is the institution of committees (following the Uttaramerur model cited earlier), with civic elders from the society to guide the democratic decisions on use of the shreni dharma funds.

The advantages of shreni dharma are that a high trusteeship model is created as an integral part of a corporate structure and behavior, subject to the laws of the state, with:

1. lower administration costs and higher institutional reliability, with little need for state-sponsored regulation;
2. effective and efficient organizations with members of the shreni committed to the social ethic; and
3. substantial mitigation of the effects of greed misappropriating (a) wealth created by economic progress, and (b) profits of a corporation.

Hindu economic thought and practice of shreni dharma offers a just, clear, and unambiguous method to remove the fault lines of (1) greed and corruption in the capitalism or socialism model of economic organization, and (2) excesses of state or corporate power.

The ecstasy of being with a "social ethic" will be more satisfying, and will overtake the mere joy of living by "rational self-interest."

Shreni dharma as social ethic, social insurance, and social capital thus supplies the missing element—that of daana, "giving, liberality"—in the economic progress imperative, which dramatically mitigates the deleterious effect of greed resulting in misappropriation of wealth created by economic progress, obviates the need for state-sponsored regulation or interventions, and results in a socially responsible corporate form as an economic engine.

Practical questions arise and have to be deliberated further: How exactly is the ethical value added to the materialistic ethos? Exactly how does the additional value jump the fault lines? Are we suggesting legal reform of company law? What are the rules of enforcement of shreni dharma to ensure that members of a corporation do their job?

Yes, we are suggesting the reform and amendment of company law by incorporation of a shreni dharma clause in the articles of association. This clause should specify a percentage, say 5 to 10 percent of the turnover of a corporation, to be accumulated into and spent as a shreni dharma fund for social causes, beyond the core business of the corporation. By making the operations of the fund auditable and subject to public scrutiny through financial sentinels such as regulators of the market-place, a legally binding process can be achieved by adding the spiritual value of ethical responsibility to the financial balance sheet of a corporation. The chairperson and board of directors of such a corporation incorporating shreni dharma will be responsible for disclosing in their annual reports to shareholders the contributions made into and the outgo from the shreni dharma fund. The fault line of lobha, “greed,” will be gradually jumped with such mandated provisions of incorporation, periodical reporting to shareholders, and voluntary enforcement of the provisions by the officers of a modern shreni.

We are suggesting that modern high-growth sectors such as the Information Technology (IT) one should include a clause of incorporation that can be called shreni dharma. This would help incorporate in a fast-growing technology sector of the economy of the world the ethic of social responsibility. There is evidence that many SSI clusters continue to be governed by written trust deeds (in Sanskrit, shreni dharma, or in Tamil, arhakkattalai—the dharma statute). This form of incorporation can be extended to a large-scale or global-level industry or enterprise. One reason this salutary form has not been introduced is the excessive reliance on Roman jurisprudence with its emphasis on individual rights without a corresponding emphasis on social responsibility and duty of a corporate entity. This deficiency can be remedied by calling for a mandatory incorporation clause stipulating a predetermined percentage of the turnover of an incorporated corporation to be set aside as social security and as social capital to be exclusively used for social welfare.

In Maslow’s (1943) hierarchy or pyramid of human physiological needs (which are at the bottom to the need of self-actualization, which is at the top), the expectation is that every member of a corporation will be motivated so as to resolve to go up the ladder and reach the pinnacle. This resolution has to be a vow, a dedication to the process of understanding the essential unity of the *aatman* (spark from the divine) with the *paramaatman* (the supreme divine). In the tradition of Hindu civilization, this unity is *dharma-dhamma*, the eternal ethical ordering principle.

A modern shreni can evolve into a dharma corporation, exemplifying economic justice in a moral order. Shreni dharma is a voluntary and spontaneous fulfillment of social ethic of a corporation in a polity. Shreni dharma, a unique contribution to economic thought and practice, should reform corporations worldwide—encourage them to jump the fault lines of greed, corruption, and excesses of state or corporate power while adding value to materialistic ethos, and upgrading the joy of material living to ecstasy of being and sharing as bliss.

The acceptance of shreni dharma in modern India, as one of the “youngest” nations on the globe (with 70 percent of the population under the age of 35) will result in a paradigm shift, introducing the social ethic in global economic thought and practice. Acceptance may involve reforms in the Companies Act or memoranda of association or incorporation of companies to include specific, non-fuzzy ethical rules such as an agreement to set apart 5 to 10 percent of the income of a corporation for social causes. Enforcement of the rules has to be by the corporation

itself. The corporate tribunals will judge the deviant behavior from the agreed ethical norms and social responsibilities including specifications of punishment for disregard of the rules and procedures for legal redress by appeal against the verdict, say, of a shreni tribunal.

The rich civilizational tradition that India represents—in the comity of nations—is destined to contribute to economic justice in a sustainable, global moral order.

As India, free from colonial domination, emerges as a global economic power, it is time to recognize and reinstate shreni dharma, or social capital, as the missing element of economics to create, nurture, and enhance the wealth of nations, while making shreni dharma an integral part of modern economic paradigm.

With dharma, yes, we can. Living by dharma means living for public interest, to achieve social welfare without undue emphasis on acquisition of wealth only for personal aggrandizement. We can be the agents of change of the world economy, reaching out to the unreached, and endeavoring to achieve the ethical imperative: sarve bhavantu sukhinah (let all beings be happy) (aadi shankaraachaarya). This is not an utopian statement but an account what India was able to achieve as the nation with the largest GDP on the globe at the dawn of common era (Maddison 2003).

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- Chapter 7

Ayurvedic Medicine: Ancient Hindu Wisdom

Vasant D. Lad*

AYURVEDA is an ancient Vedic system of healing. The Sanskrit word ayuh means life, and veda means knowledge. Ayurveda means “the knowledge of life,” and a system of knowledge becomes science. Therefore, Ayurveda is translated as “the science of life.”

It has its roots in the Rig Veda and Atharva Veda. The Vedas are the ancient spiritual scriptures of highly enlightened masters, the rishis or seers. They saw divine truth while in a deep state of samadhi or meditation. In this state, they realized these mantras of truth and, when they came back to physical consciousness, they wrote or spoke them to their disciples. From this source, we have the four important Vedas: Rig Veda, Yajur Veda, Atharva Veda, and Sama Veda. Vedic knowledge is considered apaurusheya, “being unauthored.” It is not the creation

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of the human brain or the human mind but of the transcendental state of awareness that the human brain and mind enters into when in samadhi. In that state of awareness, the brain and mind can receive this type of authentic information.

The Vedic culture was established in the foothills of the Himalayas in North India and gradually moved throughout India. The Rig Veda refers to the Sindhu River² many times in the text. The Indus River (the Sindhu River) and Indus Valley formed a natural barrier between the Indian subcontinent and the west. This area is the origins of Hindu culture.

The origin of Hinduism is in Vedic culture, and Vedic knowledge was narrated by the guru to the disciple. Vedic philosophy was an oral tradition (Bühler 1886).³ The disciple would sit at the lotus feet of the guru and the guru would impart that wisdom with profound awareness.⁴ This type of learning is called Upanishad; upa means near, and nisha means to sit with the enlightened master.

Upanishad is a kind of dialogue between the guru and student. The teacher imparts spiritual discipline by talking about the four ashrama or stages of life: brahmacharya, grihastha, vanaprastha, and sannyasa (Rama 1985). Brahmacharya is the time to observe celibacy and practice spiritual discipline, which lasts up to age 16. Then the person gets married and enters

into family life. This is the grihastha stage. At about the age of 50, the person takes retirement and withdraws from the world; this is vanaprastha. After this the person becomes sannyasa, pursuing only spiritual goals by going into the jungle and practicing meditation and contemplation. Sannyasa means to withdraw from the world and go into samadhi.

These four ashramas are part of Hindu philosophy, which is profoundly connected to our day-to-day life. There are 16 different samskaras, which are rites of passage or rituals (Griffith

² Sindhu is the Sanskrit word for river, stream, or ocean.

³ The title of the ancient work, Manava Dharmashastra, translates to The Laws of Manu in English.

⁴ The relationship between Krishna and Arjuna in the Bhagavad Gita portion of the Mahabharata, and between Rama and Hanuman in the Ramayana are examples.

2008). The ritual of marriage samskara is well-known. There are also two samskaras for pregnancy as well as several rituals for after the birth of the child. Other samskaras are connected to individual growth, including physical, psychological, and spiritual. Ultimately, the final ritual is for the funeral.

In Hindu philosophy these rituals have great meaning. There is a ritual to cook food and a ritual to eat it, a ritual to collect herbs and ritual to prepare medicine from them. Preparation of medicine includes how to prepare herbal juice, herbal decoction, herbal concoction, herbal wines, and herbal prash (chawanprash). Everything is ritual. By following ritualistic practices, the individual life becomes whole, and the whole life becomes holy. Even dinacharya, the daily routine, and rutacharya, the seasonal regimen, are rituals. By following these rituals, a person can maintain balance among body, mind, and consciousness. Ayurveda is a holistic medicine, and by following proper diet, proper lifestyle, and rejuvenation through panchakarma (cleansing therapies), one can live happily and healthily for a hundred years.

Next, we will discuss the lineage tradition of Ayurveda, including how a student would find a teacher. Health care in ancient India and care for newborns and the elderly follows. Herbal medicine, its origins, and philosophical underpinnings are covered. The methods of testing the efficacy of medicines are covered as well as the spread of Ayurvedic medicines via modern trade. Finally, there is a brief exposition on the place of Ayurvedic medicine in modern India.

7.1 Ayurvedic Medical Education in Ancient India

Indian culture, Indian medicine, Indian philosophy, and the Indian way of education were based upon guru–shishya (lineage) or parampara, the tradition of the guru–disciple relationship (Chinmayananda 1992, Sutra 4:2). During the brahmacharya stage of life, the student would go to the house of the guru, known as gurukula. While there, the students would wash the dishes, do laundry, collect flowers, bring fruits, work in the field, grow corn or buckwheat, and do whatever other task was needed. They worked with the guru and the guru's mother and wife. They would learn many different sciences, including mathematics, biology, zoology, animal husbandry, etc. Every science they learned from the guru.

Ayurvedic medical education was also organized in ancient times as this same gurukula form of study. The guru would teach the students Charaka, Shushruta, and Vagbhata,⁵ as well as nighantu grantha and subordinate granthas.⁶ The guru would have the disciple learn by heart

these Vedic sutras. The student would memorize the qualities of each dosha,⁷ the signs and symptoms of aggravation of each dosha, increased dosha, and decreased dosha. The student would also learn the seven dhatus (bodily tissues) and their functions, etc. Everything was taught in poetry so the student would remember this Vedic wisdom in the form of sutras. A sutra is a thread; sutra also means to suture. Many ideas are “sutured” together by a small phrase, word, or sentence in the sutras. It was a way to store the vast body of knowledge in a small phrase. That was a beautiful way to learn (Chinmayananda 1992, Upanishad).

Some ask if they had a certificate, and the answer is yes. The process is called snatakam, which means the completion of a medical education certificate. That certificate is called sanada, and the graduate is called snataka, a person who is deeply bathed in Ayurvedic knowledge (i.e., he has bathed in the ocean of Ayurveda). A student who bathes and swims in the ocean of wisdom eventually comes out of the ocean with the help of the guru. Then the guru gives him the certificate that says “You are

⁵ Considered to be the classical medical texts of Ayurveda. For a paper on these texts, visit this link: http://www.ayurveda.com/online_resource/ancient_writings.html

⁶ Grantha means medical volumes.

⁷ The doshas are the three functional energetic principles that constitute the body. Often referred to as humors, the three doshas (vata, pitta, kapha) are combinations and permutations of the five elements (space, air, fire, water, earth) that manifest as patterns present in all creation. See also section 7, “Bringing the Elements into Form: The Three Doshas.”

well bathed.” This was called Snataka Sanada Samarumbha, the certificate distribution ceremony. At the ceremony, the student and guru would do homa (fire ceremony) and puja (worship). The guru would apply tilak (a mark put on the forehead with powder or paste, usually for special religious occasions) and put his hand on the head of the disciple, then give him his certificate. That certificate with the student’s name written on it was a beautiful silk cloth connected to a decorated, carved wooden rod.

7.2 Finding a Guru or Teacher

The guru never seeks the student. The guru sits in his home or ashram and meditates. Then by word of mouth, his name spreads from one heart to another, from one disciple to another. The school year would start in the spring season. The student would leave his family and go to the guru’s place. The guru would admit him, and there would be a ceremony for beginning school, during which the guru performs homa and chants mantras. Then the student would shave his head and touch the feet of the guru, which is called diksha (initiation).

One kind of knowledge the guru has that is quite different from that of the West is the ability to know what area of study is best for each student. He would put his hand on the head of the disciple and by that touch know which area of the brain is warm or cool. Our body temperature is not equal all over; there are differences. When the temperature is hot in the parietal area, the guru recommends the study of mathematics; if the frontal area is warm, psychiatry is best; if the temporal area is warm, the person has a talent for philosophy; when the vertex is warm, politics is a good choice. The occipital area would indicate the student is suited for the discipline of yoga, asana, and pranayama. The intraparietal area of the brain would indicate an ability to study Ayurveda.

The guru would tell the disciple his vocation by checking the different areas of the brain and determining which area is active, as that area will be warmer. This was an amazing feat by today's standards: to use only cutaneous temperatures to select the field of study (Ayurveda, music, mathematics) and have it be accurate. This is how a guru would choose his students, and the students would choose their guru. The guru did not have to walk to every door and ask for students; instead, the students would find the guru.

7.3 The Lineage Tradition of Ayurvedic Masters

Charaka had eight students. There was one who excelled in surgery, another who became great in medicine, a third who was talented in ENT (ear, nose, and throat), a fourth who was gifted in gynecology, a fifth in obstetrics, a sixth in pediatrics, a seventh in geriatrics, and an eighth in psychology. These became the eight limbs of Ayurveda: medicine, surgery, ENT, gynecology, obstetrics, pediatrics, geriatrics, and spiritual healing. These eight limbs are what the guru would teach.

Charaka was a brilliant Ayurvedic physician in 300 BC, and his school was famous for producing these physicians with expert knowledge. He was a scholarly Ayurvedic physician who learned Ayurveda from Agnivesha (Murthy 1991, 1:2–3). His teachings were further expanded by his disciples. Ayurveda is a living, dynamic, and eternally changing science that is cumulative in its knowledge.

7.4 Origins of Surgery

Shushruta, the author of Sushruta Samhita, was a renowned surgeon from Benares. He was the first person to write a textbook on surgery and to develop plastic surgery such as rhinoplasty as well as other types such as cataract surgery.⁸ Surgeons are called Dhanvantari after the Lord Dhanvantari, one of the world's first surgeons. The ancient sutras teach that certain diseases can be

⁸Performed by Shushruta before 800 BC. (Bhishagratna 1991)

cured with medicine such as deepan pachan, the use of herbs to kindle agni (digestion) and burn ama (toxins). Many diseases can be treated with shaman, palliative measures. Other patients will need panchakarma, which are detoxification therapies. But if there is a tumor (gulma) or a foreign body, surgery would be required. From this, it is evident that there is a long history of surgery in Ayurveda (Bhishagratna 1991).

7.5 The Delivery of Healthcare in Ancient India

In those days, every Ayurvedic physician was well-versed in medical knowledge. He knew anatomy, physiology, and psychology as well as how to read the pulse, tongue, and eyes. He would perform a thorough systematic examination.

His students would have learned about plant medicine, and would go to the jungle and collect the plants. The ceremony on how to do so is one of the rituals the student would learn from the guru. Today we would say that this ritual would preserve the viability of the plant species. Modern study also shows that these rituals taught the student the optimal harvest time for that plant.

Through these rituals, the student would learn when was the best time of day or month, when the leaves and stems would have the most juice or sap, or when the roots could be safely harvested. There is much profound knowledge in these ancient rituals.

The student would bring the plant home and learn by doing the various methods of preparations for fresh juice from plants, dry powders, pulp, decoction/concoction, effusion/infusion, herbal medicated oils, ghee and milk, tablets, and compounds. To preserve the efficacy of the herbs, the students also made herbal wines, called asavas.

Although he did a lot of work, the guru might only charge the common person one-fourth of the amount of whatever expenses the guru had. In ancient times, there was not much currency. Payments were usually made by bartering goods. Also, most people were poor and might not have any money at all. The guru would treat very poor people free of charge, exchange his services for goods with those who had them, and charge much higher prices for the wealthy or ask them for a donation.

The royal family would give the guru gold rings, ornaments, or a place to live and work. Gurus lived and operated somewhat like nonprofit companies do today: they received donations. Wealthy people and royalty would give donations to the teacher and his school, and then the Ayurvedic physician would treat some people for free, depending upon their financial situations.

This support from the king was called raj ashray. Every king had a physician to whom the king would give land, a house, and other support. The physician's job was to treat the king and his family, and then treat the poor people for free. It was an honor for an Ayurvedic physician to be a royal physician. He would sit in the royal court and take part in the dialogue that happened there. These would be exchanges of information and philosophy that were like today's seminars, symposiums, or conferences.

The Ayurvedic physician was highly experienced and would create his own curriculum from that experience for his school. His knowledge and right understanding would enable him to help other people with such things as hygiene of the village and family, women and children's health, etc. In this way, healthcare was managed by the king for his people.

The physician's job was also to take care of the state. He studied the seasons and the diseases common in each season. For example, in summer there are hives, rashes, and urticaria. The physician made certain that specific crops were grown to take care of summer disorders. Another example is winter when people get colds, congestion, and coughs. The physician would recommend the king to order millet as the food to be grown and then be consumed during that time because millet heats the body when eaten and will take care of these health problems. The third season is the rainy one, which is bad for arthritis and sciatica. Garlic is good for this type of vata disorder. Thus, during ancient times, the raja vaidya was not only treating the royal family but the whole state through the king's orders to grow certain crops. It was a way of forecasting the needs of the population.

Lower castes in ancient time had free healthcare. Even today in India there are free hospitals where patients can stay for months. These people have no insurance to cover the cost of these services. These current policies reflect these ancient Vedic traditions through the government

providing free care for poor and lower-caste people. (Altekar 1965, pp 299-323)

7.6 Healthcare for the Elderly and Newborns 7.7 Bringing the Elements into Form: The Three Doshas

Ayurveda has special procedures for newborn babies to ensure their health (Sharma 1981, ch. 8). Practitioners use oil massage, mini-panchakarma, and rasayana chikitsa (rejuvenation therapies). There is a certain day after the birth that is best to pierce the ear, which is considered a healing practice. For this ceremony, gemstones are put around the baby. There are several ceremonies or rituals for the baby as he or she grows up, such as the first haircut or bath. There is a ceremony for naming the child as well. Because people in India enjoy life, they celebrate life. These ceremonies are a form of celebration and newly born babies are well taken care of.⁹

Ayurveda also has therapeutic treatments for the elderly (Bhishagratna 1991). First, the physician will examine the prakruti and vikruti, the constitution and current state. Because old age is the time of vata dosha, physicians will give treatments to alleviate it. These include medicated oils for massage, gentle panchakarma, and rasayana chikitsa. The physician will recommend yoga stretches, pranayama, and meditation to help the elderly live a longer, happy, and healthy life. Old age is the age of maturation. People in the West are afraid of becoming old, but people in India welcome old age because it is a time of maturity, respect, bliss, and peace.

⁹The Charaka Samhita has extensive coverage of gynecology, neonatology, and pediatrics in Volume 1, the Sharirasthana section, chapters 35.

According to Ayurveda, man is a miniature of nature. Man is also a creation of nature. All the factors in nature (Ether, Air, Fire, Water, Earth, and higher consciousness) are present in man, in the plant kingdom, and in the animal kingdom. Ether in the body is the space for communication, including cellular space and intracellular space. The bodily Air element is the movement of sensory stimuli and motor responses: afferent, efferent, voluntary, involuntary, sensory, and motor. Fire within is temperature, digestion, absorption, and assimilation, along with the transformation of food into energy, luster in the eyes, and color in the complexion. The Water element in the body is plasma, serum, cerebrospinal fluid, and sweat. Earth is the building blocks of the body: protein, calcium, magnesium, zinc, and iron.

All organic and inorganic matter is made up of the five elements; therefore, man is made up of the five elements (Murthy 1991). They are the structural aspect of man. The functional aspects of the body are vata, pitta, and kapha, called the tridosha. The biological combination of Ether and Air produce vata predominantly; pitta is a derivative of Fire and Water; kapha is Earth and Water. Vata, pitta, and kapha are the three doshas; they are the three organizations of the body, and they govern the individual's unique psychophysiology.

Vata is the principal of movement; all sensory, touch, and motor responses are governed by it. Vata is also responsible for mentation, breathing, respiration, ejection, injection, and all glandular secretion. Movement of thought, feeling, emotion, and desire are functions of vata.

Pitta is the energy of transformation of food, and digestion of sensory information into cognition; even the digestion of thought, feeling, and emotion into knowledge, intelligence, and wisdom are pitta.

Kapha is the constructing material of the body, the building blocks. Kapha is present in the muscle, blood vessels, fat, cartilage, and bone structure. Kapha is responsible for accumulation of memory. Accordingly, what pitta has created as cognition, that knowledge is stored in kapha. Knowledge is memory and memory becomes knowledge so the storehouse of cellular memory is kapha.

Vata, pitta, and kapha (VPK) are present in every individual, in permutations, ratios and combinations of a unique genetic code that is determined at the time of fertilization. The VPK factors from the parents' bodies combine in the zygote, and a unique child is created with an individual potential personality, body type, and prakruti (individual constitution). What we learn from our family, friends, teachers, environment, and society in our first seven years of life form the personality that stays with us the rest of our lives.

We are constantly bombarded by seasonal changes, dietary changes, and emotional changes in relationships. These cause our bodily dosha also to undergo change, and that altered status of the dosha is called vikruti. Vikruti may not be disease, but it can cause future ailments. It is the womb in which the disease process can begin to grow.¹⁰

7.8 Herbal Medicines in Ayurveda

The plant kingdom has so much wisdom and intelligence. Plants know how to survive, to grow, to flower and flourish in various environments and conditions. In ancient times, herbalists used the principles of “like enhances like” and “opposites control.” Some plants have shapes that resemble a part of the human body; for example, brahmi (*Centella asiatica*) looks like a human brain so it is used as a brain tonic. Guduchi (*Tinospora cordifolia*) leaves look like a heart, so it works on the heart. The same is true with arjuna (*Terminalia arjuna*), whose leaves also look like a heart.

Herbal medicine studies which parts of the plants to use. ¹⁰Vasant Lad, BAM&S, MASc, Ayurvedic Physician.

The roots of many plants are rich in juice, so they can be good medicine. For example, dashamula is a combination of the roots of ten plants that is quite powerful for strengthening the body. Other plants have bark as the best medicine such as cinnamon, arjuna, and catechu (*Acacia catechu*). Bark is the skin of the tree, and skin diseases can be treated using the bark of some plants.

According to Ayurveda, the seven tissues (dhatus) of the human have a correlation with the tissues of the plant.

Table 7.1 Correspondence between human and plant tissues Human Tissue (Dhatu)

1 Rasa (plasma)	
2 Rakta (blood)	
3 Mamsa (muscle)	
4 Meda (fat)	
5 Asthi (bones)	
6 Majja (nerves)	
7 Shukra & Artava (male & female reproductive)	Plant Tissue Juice Sap
Outer Wood, Bark Resin, Gum Trunk, Branches Buds Flowers, Fruit, Seeds	

Like a human being, trees also have the three doshas (vata, pitta, kapha) and the seven dhatus (tissues). Trees also have mind or intelligence.

Herbalists study these aspects of plants: their rasa (taste), virya (heating or cooling energy), vipak (post-digestive effect), and prabhava (specific action). They study the properties of the plant, the effect of that herb on the excreta (urine, feces, and sweat) and prabhava, the effect on the mind.

Ayurvedic physicians have studied plant medicine for thousands of years, and from that knowledge they use thousands of different plants as medicine. They know when to use the juice of the plant to help the rasa dhatu. They learned how to use dry powdered herbs when fresh ones were not available, and to make an herbal tea that works on the rasa and rakta dhatus. Ayurvedic physicians understand how to use the pulp of a plant that directly affects the mamsa dhatu. This knowledge led to a sophisticated “database” of ways to prepare herbal medicines whose properties are medicine specific to the dosha, disease, tissue, or organ.

In their studies, they considered every case and situation. A plant is not available in every season, so how can we still use the plant to heal when it is not? To preserve the quality of the plant, they discovered medicated oils and ghees. If the plant is cooked with the oil and water in specific proportions, the medicinal properties of the plant are infused into the ghee or oil and a kind of jelly of the plant is made.

Another technique that is unique to Ayurveda is the use of minerals and metals as healing substances, which are known as bhasmas. These medicines are in a form that can last hundreds of years. Metals such as gold, silver, and mercury are processed by a series of immersions and heating intended to remove their toxic properties. They are then burned in a crucible to ash. This ash is not an oxide: oxides are heavy and sink in water, whereas bhasmas float. Bhasmas are considered a subtle medicine that acts directly on the cell membrane to restore healthy metabolic activity.

A powerful healing element of Ayurveda is the timing of taking medicines. In general, good times for administration of medicine are dawn and dusk for vata diseases, midday and midnight for pitta diseases, and early morning and early evening for kapha disorders. By the patient taking remedies at the correct time, the physician can target organs and systems of the body. For example, that which is taken adau bhukta, before food, works on the lower part of the body; madhya bhukta, mid-meal, works on the center part of the body; and pashchat bhukta, after food, works on the upper part of the body. There are multiple different times for taking remedies that maximize the effectiveness of medicines (Sharma 1981, vol. 2, Chikitsasthanam, Sutra 298–301).

From these thousands of years of study and research, Ayurveda has formulated many different preparations that have been effective medicine. That is why there are so many diverse preparations: medicated wines, jellies, jams, tablets, pills, and oils, etc. In this way, herbal medicine is very beautifully developed in Ayurveda.

Overall, the intent is to balance the three doshas, strengthen the dhatus, bring longevity, and counteract imbalances.

7.9 How Herbal Medicines Are Discovered

The discovery of herbal medicine is a matter of chance and experimentation. These are anecdotal stories but they are close to the truth. One person had psoriasis all over his body. During those days, people thought he had leprosy, so they exiled him to the forest. In his frustration and despair, he tried to commit suicide by eating different plants, one of which was neem (*Azadirachta indica*). This plant cured his disease! He realized this plant is good for skin diseases. So certain discoveries were accidental.

There is a legend about an old fort called Simhagada. This story has its basis in truth because the tree is still honored today. Students on a school trip visited the fort, and they cooked their lunch under a tree. They did not know what kind of tree it was. The cook used a stick from the tree to stir the rice, and then threw it away. The students ate their food, and no sooner had they finished their lunch than they lost their teeth. All 32 teeth came out! From this they discovered that this plant is good for the painless extraction of a tooth. The plant became famous.

So some discoveries about plant medicine are accidents, and some are frightening, but they are all still discoveries. The spiritual way of discovering the quality of plants is through meditation. Just look at the plant. You can communicate with the spirit of the plant, its consciousness. Look at the plant, don't give it a name, don't judge, don't open a book of botanical knowledge; let the plant talk to you. As you look outside at the plant, at the same time look inside within the core of your consciousness, where the plant mind will reveal its truth to the human mind. At this point, the plant may start talking your language: "Hey, Gary! My name is kumari (Aloe vera), I am good for this condition or ailment." This is another way the ancient physicians discovered the medicinal value of the plant.

The Rig Veda mentions more than eight hundred plants that are used for worship or puja, homa, and medicine (Griffith 2008). There is described the rasa, virya, vipaka, and how these plants act on the body. That is one source of the body of knowledge that originates in the Vedic culture.

These then are the sources of herbal medicine: authentic knowledge from the Vedas, knowledge through meditation in the vicinity of the plant, and knowledge from accidents and direct experiences.

7.10 The Spread of Herbal Medicine

The knowledge of formulas and processes would pass from teacher to student or from one area of the country to the other largely via trade routes (Wujastyk and Smith 2008, 6). The marketing of herbal medicine would change to accommodate the wishes of the buyers. For example, when the British came to India to buy herbs and spices such as cinnamon, cardamom, cloves, and ginger, Indians were meeting the demands of the European market. Likewise the French, Portuguese, and other Europeans wanted Indian herbs and spices.

Even today the packaging of Indian herbs and spices is driven by the demands of the international marketplace. For example, there is concern about heavy metals in some of the herbal compounds that are sold today, and Indian manufacturers are changing their processes to accommodate these considerations. Likewise in ancient times, there were modifications in the preparation, preservation, purity, efficacy, and standardization of plant medicine, and there were different books written on how to create a long-lasting herbal product. Through these pharmaceutical experiences, pharmacological actions, and clinical observations, the

manufacturers collected a database of knowledge and developed products suitable for their foreign markets.

Marketing covers many forms, including the plant itself, fresh plant juice, herbal teas, oils, ghees, tablets, gutika,¹¹ vatika, concoctions, and wines. Today these are readily available in India and nicely packaged; they sell in pharmacies and other stores.

During ancient times, a Chinese traveler, Yue Sung, came to India and brought ginseng, taking shatavari and ashvagandha back to China. This was a form of cultural exchange between the scholars. Nalanda in Bihar, India, and Taxila in Pakistan were two of the first universities, and people came from Iran, Afghanistan, Pakistan, Tibet, and China to study (Altekar 1965, pp 267-278). The scholars from Greece, Rome, and Persia brought Unani medicine to India; Siddha medicine from Tibet came to India, and Ayurveda went back with them (National Institute of Unani Medicine 2006 and Babu 2005). Another example is my coming here to the United States and bringing Ayurveda. The same sort of thing happened in the past: people traveled and established themselves in another country, healing with and teaching their traditional medicine.

7.11 Payment for Prepared Medicines in Ancient India

In ancient India, there was no money. Suppose I am a farmer and I grow wheat, and you are a doctor; I give you whole wheat so that you do not have to worry about buying wheat. Almost everything worked by bartering. There was no money at all.

When I was first practicing and would see patients in the villages, they would never give me money. The people would offer me wheat or millet, and my job was to treat them if they got sick. Even today in villages, they trade goods for services.

In ancient India, they paid for medicines by trade, and the doctor had no worries. A carpenter would make him a nice bullock cart, and another farmer would give him two bulls. They would provide him transportation, and his job was to take his medical kit and visit the villages. Money was rarely involved. When a patient was cured, the doctor became the star in that village!

¹¹Gutika are round tablets and vatika are smaller, flat tablets.

7.12 Ayurveda in Indian Healthcare

Western medical colleges spread to major cities such as Bombay, Pune, and Madras, eventually eliminating the Ayurvedic colleges. Ayurveda was no longer used in the cities, but it continued to be practiced in the villages. Basically, the British suppressed Vedic culture (Wujastyk and Smith 2008, 6).

So how important is Ayurveda to Indian healthcare? Today Ayurveda remains the primary healthcare system for all village people in India. Interestingly, the picture in the cities is changing. When Ayurveda became popular in America, India became a now-nourishing, flourishing, and flowering root. I think there is some magic in America. Everything that happens in America, everyone else wants to do. Once Americans started learning Ayurveda, then it became popular in India.

Western medicine is founded upon statistical observation on which standards of normality are

developed, using this as the measure for every person. This does not always work! Every person is unique. Ayurveda considers each individual as an indivisible, separate, unique expression of consciousness, body, mind, and spirit. It is truly an individualistic form of medicine, treating each person separately because of that person's unique pathophysiology. Individual doses depend upon age, body weight, type of agni (digestive capacity), type of koshta (elimination capacity), and type of ojas (immunity). The individual cannot be standardized.

People are concerned about modern medical drugs and the side effects. They are beginning to realize that it does not matter if it takes time to heal. For a cure for a condition, we do not want to suppress symptoms. There is a movement away from modern allopathic therapy that treats the symptoms and toward Ayurvedic healing therapy that treats the causes. Ayurveda can return the patient to balanced health of body, mind, and consciousness.

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- Chapter 8

The Ahamkaara Factor in Bhaarateeya Arthashaastra

Shankar Abhyankar¹

8.1 Introduction

Economists are interested in incentives for production of goods and services, made possible by the ego of the producer, for satisfaction of legitimate human desires (kaam). This chapter describes Hindu economics with a focus on the psychology behind desires and incentives. Legitimate human desires can be defined as those that are consistent with Dharma which means eternal law or cosmic law. The common translation of Dharma as religion is clearly incorrect here. Since I believe that approximate English translations (such as ego for ahamkaara, or Indian for Bharateeya) are incomplete if not misleading, I may be excused for using only the original Sanskrit terms.² Readers unfamiliar with these terms are requested to consult the glossary of these terms in an Appendix at the end of the chapter, often clarifying why common English translations are inappropriate.

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² Bhaarateeya Arthashaastra (Economics) is totally different from post-independent Indian Economics or any other such parallel system in the world. While the latter is primarily concerned with the relationship between scarce means and unlimited ends, the former focuses on artha as one of the highest values of human life and how its science is motivated and guided by the inner-organ (mind), particularly the ahamkaara.

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Ahamkaara³ plays a vital role in shaping and guiding Bhaarateeya (Indian) Arthashaastra (Economics).

The ancient Hindu texts called Vedas contain important utterances (Uchchaara) of Hindu Dharma. Hindu thoughts, deliberations, and considerations (Vichaara) are available in the text called the Smrutees. Practical guides for moral conduct and righteousness (Sadaachaara) are available in great epics called Puranaas including the Raamaayana, the Mahaabhaarata, and the Bhaagawata. Experiences of God realization (Sakshaatkaara) are also described in old but less ancient books and poems written by Indian (Bhaarateeya) Saints.⁴

The ancient Bhaarateeya Sages called Aachaaryas sought to experience the great secrets of the human soul (jeeva), the human world (jagat), and the Absolute (Jagadeesha) power, which rules over it all. From time immemorial, the great aims of human endeavor are called purushaarthaas, or the highest humane values. These values have been aptly classified in Bhaarata (India) as belonging to four types: dharma (eternal rules of Hinduism), artha (material well-being), kaam (satisfaction of desires), and moksha (freedom, nirvana, or salvation). Sequentially, Hindus have a comprehensive list of four items meaning: (1) dharma, or morality and good conduct; (2) artha, or acquiring wealth only through moral means; (3) kaam, or enjoying worldly pleasures within the framework of an ethical code; and (4) moksha, or liberation or salvation from worldly bondage.

One can attribute the long term survival of many core Hindu concepts and practices to the fact that dharma and moksha (items 1 and 4 above) have always remained the primary goals of Hindu life, and the more mundane goals of artha and kaama (items 2 and 3) were always somewhat subordinate in defining legitimate human desires.

³ The translation of ahamkaara as ego is not exact and also confusing because the term ego is used in a variety of ways in modern psychology. Also ego is not one of the highest values of ahamkaara, as is discussed in section 3.1, based on the discussion of artha in section 2.1.

⁴ Shankar Abhyankar, *Series on Hindu Dharma and Culture*, 1st ed. (Pune: Aditya Pratishthan April 6, 2008), vol. I. 3.

An additional reason for survival of Hindu culture is the “Unity in diversity.” It is Summum Bonum (Latin for highest good) of Hindu Dharma. Hindu Dharma accepts, without any prejudice, all other religions of the world as possibly true and treats them with respect. Other religions are viewed as different walks and pathways leading toward the same ultimate truth. Hindus do not try to criticize or judge⁵ other religions, but accept them, making Hinduism a religion of acceptance, not of judgment. It does not condemn anyone, but recognizes every saint of every religion to be potentially divine. Therefore there is no exclusivity in Hinduism, or any kind of fundamentalism.

Having described the broad nature of Hinduism, I turn to the other two aims of this chapter. The remaining is organized as follows: Section 2 describes the four-times-four principles in detail. Section 3 briefly discusses ancient economics-related treatises. Section 4 discusses the ascending order in the sacrifice of the ego, stating that the ultimate goal is its sacrifice through self-realization. Section 5 has concluding comments.

8.2 The Hindu Quadruplicates for Welfare Economics

Welfare economics is a branch dealing with normative and somewhat utopian view of economic life including controversial topics such as: fair wages, income distribution, discrepancy between activities promoting public and private interests. The literature on new and old welfare economics is vast and remains outside the scope of this chapter. The interested reader should consult a survey of modern thinking on the topic.⁶ More recently, Economists are rightly focused on quantification. Certain insights provided by ancient Hindu sages regarding how to think about the topic are a source of new research ideas.

⁵ Vaasudevasastree Abhyankar, ed., *Nyaaya-Kosha*, 4th ed. (Pune: Bhandarkar Oriental Research Institute, 1 June, 1978), 75–80 (Sanskrit and Prakrit Series XLIX: Nyayakosa by Mahamahopadhyaya Bhimacharya Zalakikar). Revised by Mahamahopadhyaya Vasudeva Shastri Abhyankar, iv, p. 1114.

⁶ Fleurbaey’s “Beyond GDP: The Quest for a Measure of Social Welfare,” *Journal of Economic Literature* 2009, 47:4, 1029–1075

For example, the quantification does not explicitly choose weights based on a person’s “stage in life.” I now list four groups of four principles each. The four groups are: four highest values, four professions, four stages of life, and four debts. We have already listed the four highest values or goals, but I will repeat them here while providing a few additional details.

8.2.1 Four Goals (Purusharthas)

The four highest values or pursuits or goals are mentioned above. I now provide a detailed

description of the Sanskrit words:

Dharma (ethical and moral elevation and religious merit in a social context),
Artha (acquirement of wealth, position, honor, status and other achievements on the basis of Dharma),
Kaama (fulfillment of legitimate physical, vital, mental, intellectual, and aesthetic desires on the basis of Dharma with the help of Artha, in this world (or in the other world by religious merit), and
Moksha (liberation, salvation from material bondage).
The first three are called Trivarga (Three Values). The fourth value is called Parama-Purushaarth (Supreme Value) or “Apavarga,” because it transcends the Trivarga (dharma, artha and kaama). That is, moksha (spiritual freedom) is the ultimate aim of Varnaa–Aashrama–Dharma, without doing violence or harm to social and national values.

8.2.2 Four Varnaas (Professions Needed for Social Order)

Braahmana (the intellectual and spiritual guides), Kshatriya (administrators and protectors),
Vaishya (producers and distributors),
Shudra (proletariats) (including laborers and unskilled artisans).

These varanaas are professions and not castes (as they are popularly and frequently mistaken to be).

8.2.3 Four Aashramas (Stages of Life)

These stages are: Brahmacharya (disciplined student stage), Gruhastha (householder stage),
Vaanaaprastha (retirement from household and imparting of knowledge to young generations in gurukulas), and Sanyaasa (renunciation stage).

8.2.4 Four Debts (Enriching Culture)

These debts are: Debt of Gods, Debt of Sages, Debt of Forefathers, and Debt of Human Beings.

Table 8.1 Four Debts and Repayment No. Debt of 1 God

2 Sages

3 Forefathers

4 Human Beings How to Repay

i) sacrifice

ii) social, national and international duties and efforts for peaceful coexistence

iii) selfless, philanthropic activity.

i) Learning, teaching, expansion, and research. i) Procreation based on ethical code,

ii) enrichment of the family tradition.

i) Humanitarian deeds for integration of society, nation, and mankind.

This completes our listing of the four-times-four categories that covers the whole gamut of human existence. These definitions allow us to summarize some action items and principles in Hindu philosophy in precise terms and relate them to economics.

Every human being leads his life on two planes: (1) one corresponding to the outer body-mind complex, through which he functions in society to realize social or worldly values; and (2) one corresponding to the Divinity within him as the Soul or Jivaatmaa, through which he discovers

and realizes spiritual (aadhyaatmika) values. The former secular aspect in Hindu Dharma is called Pravrutti Dharma and the spiritual aspect is called Nivrutti Dharma. The secular aspect is the subject matter of economics. However, in light of the spiritual aspect, Hindu Economics involves acquisition not only for this world, but for the next.

The ethical, doctrinal foundation of Hindu Dharma lies in the four goals of human life. Artha and kaama are the goals of material prosperity and are of this world. Human satisfaction and happiness rest on contentment in making money and fulfilling one's desires. However, without the frame of an ethical code, making money and fulfilling desires could be immoral or intoxicating, leading to an evil, wicked course. Therefore with clear-cut boundaries of limitations drawn, these two (artha and kaama) are confined to the ethical code defined by dharma. Dharma is always a friend, philosopher, and guide of artha and kaama. Dharma always helps all human beings to refrain from getting intoxicated by artha and kaama and to tread always on the path of righteousness.

Austrian-American economist Joseph Schumpeter defined creative destruction in modern economics due to innovation and progress. It refers to new businesses destroying old ways of doing things, such as when an automobile destroyed the horse and buggy. The idea is that some destruction is essential for progress. Although unrelated to material changes, Hindus also refer to and openly accept both creation and destruction. By following the principles of Dharma, one can not only create, enrich, fulfill, and preserve dharma (spiritual good), artha (material well-being), and kaama (aesthetic pleasures), but destroy their opposites. One must keep on progressing toward the self-realization goal while avoiding unrighteousness, material loss, and hatred. The modern economists' search for quantification of happiness can benefit by considering age-appropriate and stage-appropriate weights. Also the idea of happiness arising from fulfillment of one's debts to various entities appears to be ignored by economists.

8.3 Arthashastra or Economics-Related Treatises of Ancient India

Ancient Sanskrit writing was not at all verbose, but tried to express many ideas in as few words as possible. The verses were formulated as easy-to-memorize poems with careful meter, alliteration, and rules of syntax. Some Western scholars have alleged that much later scholars have inserted their own thoughts in their translations of ancient texts. However, this is much harder to do in Sanskrit texts, as an impostor can be easily exposed if he or she fails to adhere to the meter, alliterations, and rules of syntax. Moreover, there is no incentive to do such insertions if one receives no authorship credit for all that work.

In ancient Bhaarata, economic science was called "ArthaVeda." It is a part of the fourth Veda called "Atharva-Veda," and Bhaaratteeya Economics developed with the Vedas thousands of years BC, making it one of the most ancient sciences on earth. Unfortunately, only a few pages of Bruhaspatee's exhaustive commentary on Hindu Economics, based on the fourth Veda, are available today. Almost all Smrutees have given serious thought to economics. Of course, descriptions of Hindu Economics were not organized into one document, but were scattered across several original texts. The ancient epic Mahaabhaarata has a section called Shanti Parva that discusses economic principles.

The importance of wealth is most prominently and frequently elaborated on in Kautilya's Arthashastra written circa 300 BC. This work is comprised of 15 sections, 150 chapters, 180

subsections, and six thousand verses, and it elaborates in detail topics such as the building of a nation, the pathway of righteousness, the self-less duties of a king, the welfare of citizens, etc. The Arthashastra has been translated into English and is widely available.

Apart from the original Arthashastra, Hindu Economics literature includes several important commentaries on it, which are not widely known because they are only available in the original Sanskrit in handwritten copies, and are neither printed nor translated into English. For example, I mention: Somadevabhattacharya's Neetivaakyamrutasutra, the Chaanaakya Sutra, the Kaamandaka, the Shukraneeti (partially published), etc. Let me now give an idea of the depth of economic thought in ancient India by simply listing the number of verses in various economics texts of ancient India in parentheses: Arthopaveda (100,000), Arthavaada (30,000), Chandrodaya (20,000), Sampattishashtra (120,000), Neetiprabhaa (27,000), and Kaashyapeya Dandaneti (24,000). These are some of the famous traditional-but-unprinted commentaries on Arthashastra known to me, but there are undoubtedly others as well. Although it is impossible to summarize the ideas in all these volumes, I will now describe some salient features.

8.3.1 Role of Artha in Bharateeya Economics

While dharma is spiritual welfare, artha is material well-being of one and all. All that is expected, desired, or wanted is artha ("Arthyate iti ArthaH"). Land, gold, money, cattle, grain, instruments, house, family members, etc.—they are collectively called artha, which obviously includes both movable and immovable property. A science that defines the above is called Arthashastra (economics). Any and all human efforts directed to gain and preserve artha is the subject matter of Arthashastra. It is stated in a form somewhat more general than modern economics as: "The major goal of Economics is to create happiness and peace in human world and thus achieve welfare of one and all on this planet."

This subsection concludes noting that in Bharateeya tradition, acquisition of wealth or artha is one of the major goals of human life. However, Hindu intellectuals clearly insist that we follow only legal and ethical ways to acquire wealth. Thus Bharateeya Arthashastra is a science of satisfying individual or collective Ahamkara, based on the ethical code of Dharma. For Hindu Dharma, artha is one of the highest humane values because it is directly related to the moral behavior and ethical code of human beings as discussed in the next subsection.

8.3.2 Role of Ahamkara in Economics

The moral behavior of human beings related to the humane values rests on the mental state or the inner-organ of one's mind. Hindu intellectuals had a clear notion of psychology. They classified mental states into four kinds: doubt, certitude, egoism, and recollection. Owing to this diversity of states, the mind, though one, is designated as the manas, the intellect, the ego, and the Chitta. Hindu scriptures state that: "The manas, the intellect, the ego and the Chitta constitute the internal instrument (mind)."⁷

All human activities are motivated, dominated, and guided by our inner-organ (or antahkarana or manas in Sanskrit), which is only crudely translated as meaning our mind. "Panchadashee," the famous text of Advait Philosophy, provides a rather beautiful and dramatic description of the life of our mind as: "The ego is the patron, the various sense-objects are the audience, the intellect is the dancer, the musicians playing on their instruments are the sense-organs, and the light

illuminating them all is the witness-consciousness.”⁸

The idea “I am” existing within all of us is often loosely described in psychology as the ego. The Hindu idea of “I am” is actually viewed as a false conception, because at a deeper philosophical level it is not our true permanent existence. We are only a part of the true eternal existence called Brahman. Hence, Hindus think of the ego or our sense of self as binding us

⁷ Vedantasara of Sadananda, (Srirangam: Srirangam Sri Vani Vilas Press, 1911). With commentary by Balabodhini of Apadeva.

⁸Shree Vidyaaranya Swaamee, Panchadashee, X.14).

to worldly or material existence.⁹ In Hindu philosophy, the internal organ (antahkarana) has two kinds of vruttis, viz., the “I” consciousness, and “this” consciousness. The first constitutes the intellect (the subject-consciousness), and the second constitutes the mind, the object-consciousness.¹⁰

That which gives rise to the ideas of “I” and “mine” with regard to one’s body, possessions, house, and so forth can describe the mind’s state at a philosophical level. In Hindu scriptures, the mind’s state has been classified as being of two types: pure and impure. The impure mind is one that is tainted by desires; the pure mind is one that is free from desires. The mind alone is the cause of all bondage, and the mind alone can be used for achieving freedom or release. Attachment to (material short-lived) objects leads to bondage, and freedom from attachment to the objects leads to freedom or release.¹¹ The mind’s attachment to objects is determined by our intellect, recalled continuously by what is called our Chitta, and finally is put into action by our ahamkaara (“I-consciousness”). In particular, human desires to use, own or possess goods and services are also dictated by the same ahamkaara implying a central role for ahamkaara in Economics.

8.3.3 Types of Ahamkaara and Their Impact on Human Behavior

Human ego or ahamkara possesses three ingredients called gunaas (attributes): saattvika (or truth, goodness, and placidity), raajasa (or restlessness, passion and activity), and taamasa (or darkness, inertia). Human ego or ahamkara is determined by the predominance of each of the ingredients. If a man feels thirsty, a simple way of quenching his thirst is to drink room-temperature water. Satisfying the thirst by artificial means such as cold water, soft drinks, or chilled beer are reflections of raajasa and taamasa ahamkaara. Geetaa declares:

⁹ Yoga-Vaasishtha VI. 188.6; III. 96.19.

¹⁰Panchadashee VI. 70.

¹¹Ibid., XI.116–17

Of these Sattva, because of its stainlessness, luminous and free from evil, binds, O sinless one, by attachment to happiness, and by attachment to knowledge. Know Raajasa to be of the nature of passion, giving rise to thirst and attachment; it binds fast, O son of Kunttee, the embodied one, by attachment to action. And know Taamasa to be born of ignorance, stupefying all embodied beings; it binds fast, O descendant of Bharata, by miscomprehension, indolence, and sleep.¹²

Arthashastra (or any system of economics) largely depends upon these three ingredients.

However, a proper balance among the three is vital. If the goal of making money is guided only by the third and the least-profound ingredient taamasa, the ultimate result for any economic system could be disastrous. A terrible picture of the lust of making money without righteous means is depicted vividly in the epic Bhaagawata as:

(Moreover) since the tendency to misappropriate others' property, violence, mendacity, hypocrisy, covetousness, anger, pride, arrogance, discord, animosity, distrust, a spirit of rivalry, fondness for women in general, love of gambling and addiction to wine—these fifteen evils found in men are believed to have their source in wealth; therefore, a seeker of (final) beatitude should abandon from a distance the evil going by the name of wealth (lit., that which is solicited).¹³

Those human beings motivated by the second ingredient raajasa are very selfish, and if they do charity, it is strictly for their own name and fame. It is best to earn money motivated by the highest ingredient, saattvika. Again the main point is to have the right balance. Hinduism does not at all suggest that men should not earn money. However, it makes clear that: (1) one should earn money only through a legal and moral way, (2) one should never become crazed about getting excess or black money, and (3) one should avoid getting intoxicated by wealth.

¹²Geetaa XIV. 6–8.

¹³Shreemad Bhaagawata XI. 23.18–19.

In the epic Bhaagawata, the section called “Bhikshu Geetaa” throws ample light on the terrible consequences of excess money. Every human being should be totally aware of the fact that gods, sages, forefathers, all creatures, kinsmen, etc. receive a share of one's earnings. Every human being should realize that this debt ought to be returned partially. Otherwise people who get intoxicated with money, wealth, and property do not recognize their own kinsmen. A brother does not recognize his own brother, a son his father, and even a wife her husband. That is why the best way to accumulate wealth is to follow a strict moral and ethical framework and code.¹⁴

Now those human beings motivated by the saattvika ingredient of ahamkaara acquire money through legal and moral ways and also do charity accordingly. For Bhaaratēya Arthashastra, government revenue, taxes, income, expenditures, etc. are secondary. What is primary and of highest importance is the welfare of one and all. This is the highest goal of Arthashastra.

Shaanti-Parva of the epic Mahaabhaarata claims Brahmaa to be the father of Arthashastra.¹⁵ When gods asked about the welfare of all human beings, Brahmaa produced a huge treatise of a thousand chapters instructing regarding dharma, artha, and kaama.

To achieve the highest goal of material well-being, money (wealth) is the most important tool, and therefore Kautilya also declares, “It is the wealth (money) that is of supreme importance.”¹⁶ However Hindu Dharma clearly indicates that Dharma-shaasta is always superior to Artha-shaasta. “In case of contradiction between Dharma-shaasta and Artha-shaasta— one should follow and practise the doctrine of Dharma-shaasta and not of Artha-shaasta.”¹⁷

¹⁴ Ibid.

¹⁵ Mahaabhaarata, shaanti-Parva 59.29–30.

¹⁶ Abhyankar, Series on Hindu Dharma, vol. II. 8.

¹⁷Ibid.

8.3.4 Artha's Brother–Kaama

Thus Bhaarateeya Arthashastra is more or less a satisfaction of individual ahamkaara. This is where kaama (fulfilment of one's desires) creeps in. The Atharva-Veda recognizes kaama or desire as universal prowess: "The arrow feathered with longing, tipped with love, necked with resolve—having made that wellstraightened, let love pierce thee in the heart."¹⁸

Artha and kaama are like fire: they must be controlled properly, which means acquiring and enjoying them on the very foundation of the ethical code and framework laid down by dharma. Kaama without dharma dominates the human being and takes him or her away from the pathway of humanity. Such an individual is no different from a wild animal. This person follows all illegal and immoral ways to make money—even cutting the throats of his own kinsmen, and enjoys kaama by becoming a beast, thus shattering all limitations and boundaries of an ethical framework. This is why Hindu Dharma strongly advocates and instructs not to violate the moderation and decorum of artha and kaama. These two goals must be treated with due respect and regard.

Human desires and senses are exceedingly powerful. Lord Krishna (I use the more precise Sanskrit phrase Bhagawaana Shreekrushna mentioned in Geetaa and Bhaagawata) declares: "It is desire begotten of the element of Raajas (attachment and lust), which appears as wrath; nay, it is insatiable and grossly wicked. Know this to be the enemy."¹⁹

Saint Ekanaatha describes vividly this mighty prowess of human senses or desires in his famous commentary on the epic Bhaagawata Puraana:

Human tongue gets attracted towards sweetness and taste, thirst long for water, skin for softness, hunger for sumptuous food, ears for music, nose for fragrance, eyes for beauty! Hands strive hard for different games, legs for journey (for hill stations, beaches etc.). As rival wives drift the only husband for them,

¹⁸Atharva-Veda III. 25.2.

¹⁹Geetaa III. 37.

similarly the senses pull, push and drag human being at will. They have deeply embedded attachment for desires and these exceptionally strong desires gradually finish the individual by making him extremely powerless and helpless.²⁰

The thirst of five senses is limitless and many men and women, by nature, become the slave of same. This thirst strikes every human being frequently. Unfortunately, such lust and desires leave individuals very weak and shattered. There is a lasting bond among senses, subjects, and desire. Surprisingly, these desires never get satisfied. As cotton on fire always multiplies, so it is with senses and desires. As fire completely destroys the object, similarly strong desires completely consume an individual. The philosophical treatise of Panchadashee declares: "The desires are never quelled by enjoyment but increase more like the flame of fire fed on clarified butter."²¹ The scriptures go on to warn that while poison kills only once, desire kills frequently and recurrently.²² The moral of this discussion is obvious— kaama must be enjoyed within the

limitations and sanctions of dharma and the ethical framework. One should always bear in mind that dharma is the antidote of artha, and moksha is the antidote of kaama and all attachment.

The kaam is obviously related to greed. Adam Smith described the “paradox of greed” showing how greed can encourage productive activities. However, Smith recognized that unfettered acceptance of kaam including greed can be harmful. For example, if the sellers misrepresent the quality of goods being sold, it can hurt the consumers and the whole economy, especially in healthcare, education, and finance.²³ Regulations impose rules of dharma on sellers.

²⁰ Ekanaathee Bhaagawata IX. 315–19.

²¹ Panchadashee VII. 147.

²² Ekanaathee Bhaagawata XIX. 123–24.

²³ See empirical discussion in David Dranove and Ginger Zhe Jin’s survey “Quality Disclosure and Certification: Theory and Practice” in *Journal of Economic Literature* 2010, 48:4, pp. 935–963.

8.4 Ascending Order in Controlling Ahamkaara or Ego

Although ego is a powerful motivator of economic activity, Hindu scriptures suggest that the goal should be the ultimate sacrifice of the ahamkaara itself. The stability, evenness, and equilibrium of any economic system depend deeply on the elevation and sublimation of human ahamkaara. This is not easy, and involves four levels or gradations in the following ascending order:

- (1) Absence of ahamkaara due to ignorance is not desirable, and is considered its lowest form. (viz. animals and birds)
- (2) Individual ahamkaara implying selfish, immoral, and harmful activities to the society and the nation, is not desirable, and considered superior to the first form, because there is some charity for name and fame. (selfish people)
- (3) Absence of next-level ahamkaara implies hard work for the welfare of others, without expectation of name and fame. (generous people who donate for philanthropic acts)
- (4) The highest and most respected absence of ahamkaara arises when one achieves an illuminated stage after true self-realization. (God-Men)

The Bhaarateeya idea regarding the ahamkaara emphasizes that every individual should strive hard to reach this fourth stage through the donation and sacrifice (yajnya) of material wealth. Therefore stronger regulation of “too big to fail” corporations can be justified.

Bhagawaana Shreekrushna gives us a very practical solution as follows: “In this world, charity–sacrificial performances– austerities and other (righteous) acts are possible for him (alone) who has a means of subsistence. A householder dividing his income into five parts (and utilizing it) for the purposes of (a) (acquiring) religious merit, (b) celebrity (of society and nation), (c) (earning more) wealth, (d) enjoying pleasures, and (e) maintaining his own people rejoices in this as well as in the life beyond.”²⁴

This message of the epic Bhaagawata is clear: artha and kaama, if based on and guided by

dharma, elevate everyone; if not, they intoxicate an individual and cause his or her downfall along with the society and nation at large.

Giving up one's very strong desire and longing for name and fame, and spending a part of one's own earnings for philanthropic activity, is a kind of "Dravyayajnya" (sacrifice of wealth) itself. In this context Dharma-shastra declares: "Dravyayajnya is nothing but Aapurta or acts of sacrifice for the society. For example, these acts include creation of wells, lakes, temples, roads etc.; making provision of food, shelter and cloth etc.; to establish good institutions, protect the poor and down-trodden; to follow the course of magnanimity."

There are two forms of charitable donations in Hindu texts: (1) "Antarvedi-daana," or donation given during formal sacrifice (any philanthropic activity); and (2) "Bahirvedi-daana," or donation given for various occasions with due consideration to time, place, etc. The Hindu texts also discuss whether the recipient is worthy. In order to deserve donations, one should become elevated through austerity, piety, daily rituals with total devotion, sacrifice, selflessness, etc. All these activities or instrumentations that are worthy or desirable are known as ishta in Sanskrit.

Briefly speaking, ishta, or worthy good activities and donations, will elevate a person's self to a higher level of consciousness. Philanthropic acts for society as a whole are known as aapurta. A blend of these two comprise the very core of artha, viewed as the second purusha artha (goal) of Hindu Dharma. In other words, the acts of donation, without any kind of expectation in return, help one in conquering the ego. The ascending order stated at the beginning of this section in achieving sacrifice of the ahamkaara or ego was discussed for an individual who can

²⁴Shreemad Bhaagawata VIII. 19.37.

begin conquering the ego through ignorance, then evolve into charitable work for selfish ends, then charitable work for unselfish ends, and ultimately graduate into deep self-realization of the true self in unity with God.

Hindu Economics prescribes a similar utopian aim for the economic policy for larger units such as the family, society, nation, and world as a whole. A country might then be judged not by its per capita GDP, but by its charity and character. Hindus, among others, imagined a much more comprehensive measure than the GDP, beyond United Nations' human development index (HDI) by allowing for environmental impact, happiness, etc. We have already mentioned Fleurbaey's "Beyond GDP: The Quest for a Measure of Social Welfare." Ancient Hindu sages have potentially useful ideas to enrich this theory with a focus on age and stages of life with incentives for providing a suitable balance between competing desires.

8.5 Conclusion

This chapter reviews four times four principles in ancient Bhaaratēya literature, logically organizing human life. It encompasses the psychology and motives of market participants discussed by modern economists including controversies in welfare economics and regulation. From the above discussion, we can highlight the following economics-related ideas in this literature.

(1) Bhaaratēya Economics viewed as Bhaaratēya Arthashastra goes back to the Vedas.

(2) In case of a contradiction with dharma, Bhaarateeya Arthashastra stresses the need to accept the superiority of the principles of dharma.

(3) Artha is not merely a means to material prosperity but one of the highest and fundamental humane values in Bhaarateeya Arthashastra.

(4) The inner-organ psychology has direct bearing on the science of artha as it guides, motivates, and dominates all human actions.

(5) This inner-organ is comprised of the mind or manas, the intellect, the ahamkaara, and the Chitta. The objects of these four aspects are: doubt, certitude, egoism, and recollection, respectively. All are relevant for market participants even today.

(6) The three categories of the ego are placidity, restlessness and activity, and finally inertia. More precisely, using the respective Sanskrit terms, ahamkaara is of three types: saattvika, aajasa, and taamasa, determined by the predominance of one of the three ingredients (gunas) bearing the same name.

(7) Bhaarateeya Arthashastra serves as a guide to eliminate the last two and uphold the first of the three ingredients for elevation.

(8) Acquiring wealth directly results in fulfilling one's desires. Therefore kaama or desires is also one of the highest values motivating human endeavors and activities.

(9) The definition of kaama, as given by Bhagawaana Shreekrushnaa (Lord Krishna) in Geetaa is, "I am the desire which is not contrary to Dharma."

(10) Artha and kaama should never work independently. They should be regulated by dharma.

(11) Only Saattvika Ahamkaara may bring stability to any economic system implying stronger regulation of "too big to faile" economic entities.

(12) Saattvika Ahamkaara is the sweet fruit of ishta and aapurta.

The above list provides key principles of Hindu religion relevant for Economics. We have already noted some of the areas where economists can obtain new insights from some of these principles. For example, we have mentioned regulation and measurement of general formulations of human happiness. Theorists interested in social choice, applied Welfare economists and those interested in public policy can also find these concepts useful.

Acknowledgments

I am grateful to Professor H. D. Vinod for reformulating and rewriting parts of the paper to suit the requirements of the Handbook and making it accessible to readers who might not be exposed to any Hindu texts or Sanskrit.

Appendix

Translations of Some Sanskrit Words

Aachaarya : a guide or instructor in religious matters; founder, or leader of a sect; or a highly learned man or a title affixed to the names of learned men.

Aapurta : elevated act of sacrifice for the society at large. Aashrama: stages of life.

Aham: I

Ahamkaara: I-consciousness

AntaHkarana: (AntaH = inner, karana = organ) inner-organ. Antarvedi-daana: (Antar = internal pertaining to self, daana

= donation). Donation via sacrifice during any philanthropic activity.

Apavarga : matured conception of the pushaarthas, the elevated fourth of the highest values, namely moksha.

Artha: material well-being.

Arthashastra: science of material well-being of one and all.

Atharva-Veda: sacred text of Hinduism, and one of the four Vedas, often called the “fourth Veda” (atharva = nondestructible, veda = knowledge)

Bahirvedi-daana: (Bahir = external, pertaining to other external considerations, daana = donation). Donation via sacrifice on other occasions with due consideration to time, place, etc.

Bhaagwat: one of the “Mahaa” Puranic (Puraanaa = History of Universe) texts of Hindu literature, with its primary focus on bhaktee (devotion) particularly to Krushna (incarnation of Vishaau).

Bhaarat: (Bhaa–Adhyatma means spiritualism, Rata– immersed into): land immersed into Adhyatma/spiritualism.

Bhaarateeya: of the people of Bharat. One who belongs to Bhaarata/citizen of Bhaarata.

Bhagwana Sree Krushna: (literal meaning “dark bluish”) is a central figure of Hinduism to whom the authorship of the Bhagavad Gita is traditionally attributed. He is an Avatar (reincarnation) of Vishaau (one of the Trimurti) and considered the Supreme Being. Krushna is identified as a historical individual who participated in the events of the Mahaabaarata.

Brahma: Hindu god (deva) of creation and one of the Trimurtee (tri = three, murtee = forms), besides Vishaau & Shiva.

Brahmacharya: disciplined student stage.

Brahmana: the intellectual and spiritual guides.

Bhikshu Geeta: finds its place in Sreemad Bhagavata as the essence of its philosophy.

Bruhaspati: devaguru (guru of the gods).

Budhhee: the intellect, its object is certitude.

Chitta: its object is to recollect (cit means to recollect).

Dharma-dhru: “dhaarayati iti dharmaH.” Dharma is the confluence of all material and spiritual horizons that holds the entire world together.

Dravyayajnya: sacrifice of wealth.

Geeta: Bhagwat Geeta is a Sanaatana Dharma or Hindu scripture produced from the colloquy given by Bhagwaan (= Lord) Sree Krushna to Arjuna during the Kurukshetra War, the quintessence of Bhaarateeya philosophy and Hindu Dharma.

Gruhasta: householder stage (gruha = house).

Ishta: elevated act of sacrifice for self.

Jagadeesha: the Absolute.

Jagat: human world.

Jeeva: soul.

Kaama: pleasure of the senses, desire.

Kautilya: was an adviser of the first Maurya emperor, Chandragupta; he was also known as

Chaanakya. Wrote ancient South Asian political treatise called the Arthashastra.

Kshatriya: administrators and protectors.

Mahaabhaarata: one of the two major Sanskrit epics of ancient Bhaarata, the other being the Raamaayana. Besides its epic narrative of the Kurukshetra War and the fates of the Kauravas and the Pandavas, the Mahabharata contains much philosophical and devotional material, such as a discussion of the four “goals of life” or purusharthas. The latter are enumerated as dharma (right action), artha (purpose), kaama (pleasure), and moksha (liberation). Among the principal works and stories that are a part of the Mahabharata are the Bhagavad Geeta, the story of Damayantee, an abbreviated version of the Raamaayana, and the Rishyasringa, often considered as works in their own right. Traditionally, the authorship of the Mahaabhaarata is attributed to Vyaasa.

Manas (Mana): mind, its object is to doubt (Sankalpa/vikalpa).

Moksha: liberation.

Nivrutti: inward contemplation.

Panchadashee: an important text in the Advaita Vedaanta tradition written by Vidyaranyaaswaamee or Maadhavaachaarya.

Pravrutti: social actions.

Purusharthas: highest values (purusha = highest, supreme).

Raajasa: dim attachment.

Raamaayana: ascribed to the Hindu sage Valmiki, it forms an important part of the Hindu canon (smrutee the Puraanas), and is based on historical events. The name Raamaayana is a tatpurusha compound of Raama and ayana (“going, advancing”), translating to “Raama’s Journey.”

Saattvika: (Sat = pure, divine); saattvika means divine, pure.

Sadaachaara: moral conduct and righteousness.

Saint Eknaath: Eknaath (1533–1599) was a prominent Marathe Saint-Poet in the Hindu tradition in Bhaarat.

Sakshaat-kaara: realization.

Samyaasa: (sam = collective (sum), ni = down, and aasa is from the root as, meaning “to throw” or “to put,” thus giving a literal translation of “laying it all down.” Renunciation stage.

Shaastra: science.

Shantee Parva: (The Book of Peace) of Mahabharata (Shantee = peace, Parva = book). This is the 12th and longest book of the Mahabharata. It throws light on the crowning of Yudhisthira as king of Haastinapura, and instructions from Bhishma for the newly anointed king on society, economics (Arthashastra), and politics.

hudras: proletariats.

Shukrachaarya: danav-guru (guru of the demons), wrote Shukraneeti.

Smrutees: literally “that which is remembered,” refers to a specific body of Hindu religious scripture, and is a codified component of Hindu customary law. Smrutee also denotes nonshrutee (Vedas) texts, and is generally seen as secondary in authority to shrutee or “that which is heard” from the almighty.

Son of Kunttee: Arjuna, a reference from the Geeta.

Taamasa: dark (tam = dark).

Trivarga: (tri = three) first three purusharthas (highest values), namely Dharma, Artha, and Kaama.

Uchchaara: utterance.

Vaanaprastha: retirement from household and imparting (vana = forest, prastha = to go, indicating going to forests by retiring from household pleasures).

Vaishyas: producers and distributors.

Varna: derived from the Sanskrit root vru meaning to cover, to envelop. Varna means profession of men, tribe.

Veda: derived from the root vid–“to know,” Veda means integral knowledge

Vichaara: deliberation and consideration.

Vrutti: “a vortex,”“a circular activity which has no beginning and no end,” consciousness.

Yajnya: ritual of sacrifice.

Chapter 9

Dharma and the Growth of an Individual

H. N. Mhaskar*

9.1 Introduction, Objectives, and Limitations

It is a well recognized fact that the central aim of any socioeconomic policy must be to enhance the happiness and well-being of the individuals in the society. In 1972, Bhutan's King Jigme Singye Wangchuck proposed the concept of "Gross National Happiness", which serves as a unifying vision for Bhutan's five-year planning process and all the derived planning documents that guide the economic and development plans of the country [Wikipedia, 2012]. Clearly, happiness is a highly nuanced and subjective notion, and often conflicts with the equally highly nuanced and subjective notion of what is good for the individual, let alone the conflict between the individual and the society.

One of the main objectives of this chapter is to describe my

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intuitive understanding about what Hindu philosophy, more precisely, dharmashastra, has to offer for the growth of an individual in harmony with the society in which he lives. The focus of this chapter is on the individual. However, at the suggestion of the referees and Dr. Vinod, I will make a few remarks about the relationship of dharmashastra and socio-economic policies in Section 9.6. Individuals and the Material World.

In private conversations with people and a casual reading of internet newspapers, I get the feeling that there is a lot of confusion about the terminology of dharmashastra. Many terms used to be understood intuitively in the generations past, but apparently, not by modern educated people. Therefore, the second main objective of this chapter is to make an effort to clarify certain terminology, as I interpret it intuitively in accordance with tradition. In Table 9.6 Appendix on Technical Words, I will list some words and their common translations. However, I do not necessarily agree with these translations, and in fact, feel that some of these translations have given rise to a great deal of confusion. The reader is urged to treat the technical words in this essay in the sense in which I have defined them. This chapter might be misunderstood completely, if the reader interprets the words according to his own pre-formed ideas.

9.1.1 Growth of an Individual

The term growth can only be interpreted in terms of what one wants to achieve. For a child, it is typically physical growth, which the child often associates with mental and intellectual growth. For an adult, it could mean the increasing fulfillment of many other desires (e.g., career

development, wealth accumulation, etc.). In each case, it is safe to say that all these desires stem from the more fundamental desire to be happy all the time. Dharmashastra goes deep into what constitutes happiness, including various shades of desires and happiness or otherwise, who exactly it is that becomes happy or sad, etc. Thus, dharmashastra is intimately involved in defining the goals of an individual, and ways to achieve a robust growth toward these goals.

9.1.2 Basic Terminology

The Sanskrit word dharma comes from the root dhru, meaning to hold. Our understanding of the term spans the entire continuum from the fundamental scientific principles that enable the whole universe (and others, as physicists are now discovering) to exist and function properly to the etiquettes of the society specific to different times and places (e.g., who should bow to whom, how, and when).

Physical sciences explore the scientific principles behind observable phenomena. Mathematics deals with principles underlying subtler patterns of intellectual constructs. All these are parts of dharma. The science called dharmashastra goes beyond intellectual constructs. It seeks the “ultimate reality,” explores the techniques for obtaining a direct experience of the same at a level much deeper than mental/intellectual, and examines how this experience can enrich the quality of our lives. Just as the methodology and standards of mathematics are quite different from those of biology, dharmashastra has its own methodology and standards, which are not the same as those in the physical sciences. In order to study dharmashastra, one has to observe with deep introspection one’s own body, mind, and intellect, and their interactions with the rest of the world. There is no question of a blind belief in some divine revelation here.

Within the context of dharmashastra, dharma means the innate tendencies of an individual and his or her natural duties (I will explain these later). Combined with another word, the word dharma denotes the duties of all those who are so qualified. For example, when combined with the Sanskrit word putra, meaning son, the word putradharma means our rights and duties toward our parents.

The term dharma has been translated variously as Hinduism, religion, or Hindu religion. The common Western understanding of the word religion as given by Merriam-Webster is a belief in and reverence for a supernatural power accepted as the creator and governor of the universe. Clearly, dharma is not the same as religion. Similarly, the word dharmashastra has been translated as meaning science of religion, Hindu philosophy, or Indian philosophy. The common Western understanding of the term philosophy is set forth by Merriam-Webster as a logical and critical study of the source and nature of human knowledge. The science called dharmashastra seeks to go beyond logic and human intellect. It is an experimental science, not a body of speculations, with our body/mind/intellect as an essential laboratory component.

To me, the term Hindu denotes a community label, although the community itself is not very well-defined. I wish to impress upon the readers that the laws and methods of dharmashastra are applicable to everyone, regardless of his or her community or religious label, and regardless of whether he or she understands or believes in them.

Because it is difficult to overcome the meaning of words driven into our subconscious, I will use the original Sanskrit words whenever I find the translations misleading. A list of these is

included at the end of the chapter. The reader is urged to treat these words as technical ones to be understood in the sense I have ascribed to them. A superimposition of prior beliefs will distort the thoughts I am trying to convey.

9.1.3 About Ancient Scriptures

This chapter will merely touch upon several topics, and an interested reader will need to look up other books, often called Hindu scriptures, to get the details. Because many experts express all kinds of scholarly critical opinions about the ancient scriptures, I find it worthwhile to make some observations about how a layman views them.

To avoid confusion with the emotional meaning attached by the Christians to the term scripture, I will use deliberately the term dharmagrantha (with the English plural dharmagranthas). The term dharmagrantha does not refer to a prespecified set of books. It is a generic term, similar to the term research monograph, referring to any document that records spiritual truths/observations/experiments in accordance with dharmashastra. It is traditional to consider three sets of documents (prasthantrayi) to be the foundations of the dharmashastra: Upanishads, Brahmasutras, and the Bhagwadgeeta ([Tilak, 1963, p. 11]). There is absolutely no specific command in any of these of the kind “Thou shalt not eat beef.” They are more in the nature of describing the eternal laws as the sages found them. In addition, there are such dharmagranthas as puranas, which are efforts to popularize dharmashastra, provide “case studies,” and record the then-prevalent ideas about the world, history, etc. There are also several additional dharmagranthas to provide specific commands of the kind I mentioned above. Obviously, not all of these are to be taken as eternal laws.

In contrast to other disciplines, and perhaps, religious scriptures, a study of dharmagranthas poses some unique problems.

We will see later that the sages were trying to describe something that cannot be described. Therefore, they resorted to all kinds of imagery and codifications. It is difficult for a modern reader to understand these images, which might have been obvious to the contemporaries of the sages. There are also many later additions, which might blend with the dharmagranthas, but might be inconsistent with the original intent.

Some of the codification and mystery is intentional. In an effort to help everyone at whatever spiritual state he or she is in, the dharmagranthas mix historical facts, ideas about the world, and deep spiritual experiences and truths, sometimes allegorically and sometimes apparently out of context. So, the dharmagranthas do not have a unique meaning for everyone who reads them. Just as a mathematical theorem can find a new meaning in totally new applications that the mathematician discovering the theorem could not possibly dream about, the dharmagranthas have been interpreted in many novel ways. This is also the reason behind their power to inspire and guide generations of people for thousands of years.

Finally, the dharmagranthas are not reports on experiments about an external object, but rather those with our own minds and intellects. These also happen to be our primary tools for understanding anything. So, in summary, the study of our dharmagranthas is a delicate matter. As with every other science, there is a traditional way to understand the dharmagranthas. With reverence and faith, one can reach the grains of truth hidden behind the husk of words. By this, I am thinking of the attitude that a good, well-mannered beginning graduate student of mathematics would bring to the study of his adviser’s paper. He might not understand right away

the whole project and the relevance of this paper like a “berry on his palm.” Nevertheless, he reads the paper diligently, working out all the details, and with an enthusiasm to improve upon the results. He rereads and thinks deeply until he can distinguish the forest from the trees. Even if he finds a counterexample, his first instinct is to make very sure that he has not missed some detail, or has not made a mistake in his own arguments. In our study of the dharmagranthas, we have to take this attitude a bit further. Unlike mathematics, dharmagranthas are not to be understood at an intellectual level, but rather at a much deeper intuitive level. The deeper meaning, appropriate to the circumstances of each reader, is revealed in deep meditation. At the same time, not everything in the dharmagranthas has a deep meaning. It takes training to figure out what to pay attention to and what to ignore. A Westernized, critical, and judgmental reading is too crude a tool for this purpose. It either keeps turning the husk around, or worse, burns both the husk and the grain.

9.2 Some Axioms and Immediate Corollaries

I will now list some “axioms” of dharmashastra. They are based on mundane daily observations. It is as ridiculous to expect any scientific evidence for these as it is to expect such evidence for certain mathematical facts such as Zorn’s lemma. Dharmashastra is a subject in its own right, with its own methodology and standards. Just as consistent systems of analysis exist assuming that Zorn’s lemma is not valid; there are some sages who make contrary assumptions. In any case, I could not make a logical argument for or against them from more fundamental principles. Therefore, rather than saying derisively that there is not a shred of scientific evidence to support these, I call them axioms.

9.2.1 Axiom of Existence of Immutable and Permanent “Brahman”

Everything in the universe seems to be constantly changing, including our own bodies, minds, and intellects. Still, it is observed that we remember experiences from our childhood as our own. Also, other people and objects change their appearance and form, but we can clearly think of their uninterrupted existence. This axiom states that there exists something immutable and permanent that supports this continuous experience of the ever-changing universe (upadanakarana). This something is referred to as the Brahman (or Parabrahman).

Whenever there are two objects, it is theoretically possible for one to convert into another. While it is not theoretically impossible to postulate several objects that are all immutable, it seems to me to be logically simpler to assume that Brahman is unique. Indeed, Brahman cannot be an object in this universe. The very starting observation that gives rise to this axiom is that every object in this universe is likely to change its form. In addition, Brahman cannot have any property at all. When we prescribe any property, we are automatically prescribing a complementary property. If Brahman had properties, then it would be theoretically possible for it to assume these complementary properties instead, again violating the definition regarding its immutability and permanence. So, it is not really possible to talk about Brahman in concrete terms. Saints and sages have talked about it somewhat reluctantly, but caution us that this description is often, by its very nature, misleading; this is something one can only experience intuitively. Kenopanishad states that one who says that he has known it, knows not; one who knows cannot know that he does know ([Belsare, 1999, p. 65]).

Being the ultimate kernel of existence of everything in the universe, Brahman must necessarily

manifest itself also in the individual. In this form, it is called atman. The exact connections among Brahman, atman, and the rest of the universe are a matter of debate among different sages, giving rise to different systems of thought: advaita (nonduality), dvaita (duality), shuddhadvaita (pure duality), chidvilaswad (world as manifestation/play of an aspect of Brahman), etc. I found most logically satisfactory the advaita viewpoint that Brahman alone exists in reality; the rest of the universe has no real existence. This eliminates the question about why the universe came into existence. Of course, one cannot deny the deeply felt fact that the universe exists, and so do I, and we are different. In advaita, this phenomenon is referred to as maayaa.

Within the framework of maayaa, the pure atman is apparently imprisoned behind several walls (koshas), similar to a cocoon. The atman when so imprisoned is called jeevatma. The Brahman in this context is called paramatma. While we are still under the spell of maayaa; we really do not have any direct experience of the oneness or otherwise of the jeevatma and paramatma. Therefore, from a practical point of view, we need not discuss the differences among the various systems of thought on this issue.

9.2.2 Axiom of the Law of Karma and Reincarnation

This axiom states that every action (karma) has an effect (called fruit) on its performer. This axiom is also a codification of our everyday experiences. Without this assumption, we cannot even begin to plan any course of action, however mundane. There are some apparent counterexamples. A German friend remarked to me that in his opinion, Hitler did not suffer any consequences of his actions. This doubt comes from the identification of Hitler with his body. A concurrent law, which must be logically true if one assumes the law of karma, is the axiom of reincarnation (or rebirth). The fruits of action do not necessarily accrue to the body. The body is only one of the tools for performing actions and obtaining experiences. The jeevatma is the one who experiences pleasure, pain, and desire, and accordingly instructs the intelligence to start the chain of commands resulting in different actions. So, it is the one who needs to reap the fruits of the actions. If it does not experience these fruits in its current body, it has to assume a new body upon the death of the current one so as to continue its experience. The experience of the fruit is also a karma, with its own fruit, and the cycle continues as long as the jeevatma does not shed its koshas and attain its original unity with the Brahman.

For example, suppose that Hitler has caused someone to be tortured, say John Doe, who hates Hitler as a result. As a fruit of this karma, in their new births, Hitler becomes an animal owned by the previous John Doe, who has now become a farmer. Neither of them has any memory of their previous births. Because the question of whether animals accrue new karma by their actions is irrelevant to this chapter, let us assume that Hitler is now just reaping the fruit of his actions, without performing new karma. The mental karma of farmer John predisposes him to torture the animal Hitler. Being human with a free will, John will be performing new karmas either by succumbing to his predispositions or by struggling and overcoming them ([Yogananda, 2001, p. 976]).

Similarly, the axiom of karma does not state that everything that happens to us is a result of our own individual karma in some past life. Nevertheless, it is good for us to believe so, because it prevents us from committing such new karmas as harboring hatred, and also motivates us to

make appropriate new karmas to counteract undesirable effects, rather than succumbing lazily to fate. However, when we encounter someone unfortunate whom we could help, it is illogical to do nothing, arguing that he is only reaping the fruit of his own actions. He might well be, but we are creating a new karma for ourselves. Thus, if John Doe imagines that his torture is the result of his own karma rather than that of Hitler, he would nip in the bud the hatred and the possible seeds of bad karma in the next birth. Even if he cannot do so, he can still struggle in his next life to overcome his predispositions and treat the animal Hitler kindly, thereby preventing further bad karmas on his own part.

It is evident that we feel happy when our desires are fulfilled, and not otherwise. The very idea of happiness and a contrary state of mind rests on the assumption that the one who experiences these mental states is different from the rest of the universe. Once the jeevatma and paramatma become united in their original state, there is no further universe to speak of. The duality between happiness and its contrary state, indeed even the duality between a feeling and the one who feels it, disappears. One achieves a state of perfect bliss that cannot be disturbed. This state has been described in various words, perhaps with some technical philosophical differences, as liberation, self-realization, nirvana, eternal heaven, unification of the soul with God, being eternally in the presence of God, etc. In my opinion, the philosophical differences are not very important from a practical point of view.

Certain diseases of the brain can also eliminate a sense of separateness from the rest of the universe. In particular, epileptic seizures can produce what looks like spiritual experiences ([Wikipedia, 2011]). The liberation of the jeevatma is a conscious and permanent state, achieved by deliberate efforts following scientific yogic practices. It is not an “experience,” and surely not a result of some physical disorder. It is usually not possible to distinguish a self-realized man from other ordinary people. He continues to play the role that maayaa has assigned to him, with the idea of burning off the accumulated (fruits of his prior) karma. The only difference is that a self-realized man is in a highly blissful state of mind, which cannot be perturbed under any circumstances.

Thus, the apparent goal of achieving permanent everlasting happiness now becomes the goal of reuniting the jeevatma with Brahman. Now we turn to practical methods for achieving this liberation.

9.3 The Concept of Guru

The goal of achieving liberation looks impossible at first sight. The very idea of achieving a goal implies some action. Every action has a fruit that imprisons the jeevatma even further. The solution to this dilemma is the natural law that things must return to their equilibrium. In this case, the equilibrium state is the Brahman, undiluted by maayaa. Although every karma must have a fruit, what karma will have which fruit is nearly impossible to predict. The law that governs this is called karmavipak. To be consistent with the principle of equilibrium, it must allow a solution to the above dilemma. This solution is the concept of Guru. The term guru also means more generally a teacher/expert, and has entered the English language with this meaning. I will refer to such a person as a guru, reserving the technical term Guru to denote the meaning I will now set forth.

The atman by itself does not do anything, and therefore, is not bound by karma. When it is

imprisoned by maayaa, it is only natural for it to work through maayaa itself, to prompt the intellect to embark on some actions that would free the atman according to karmavipak itself ([Tilak, 1963, Ch. 10]). In its true nature as atman, jeevatma and the all-pervading paramatma are the same. Therefore, the atman in its role as paramatma helps the jeevatma. In this context, it is called Guru ([Dandekar, 1985, Ch. 52, verse 105]; [Mrinalinimata, 1995]). Depending upon the needs of the jeevatma, it may take one or more external forms, but that is not always necessary. like a newborn baby finding its mother. no proof is necessary, although some testing and introspection is necessary. These are not tests for the authenticity of the Guru, they are for testing the authenticity of our own feelings and Finding our Guru is When we find Guru, intuition ([Ramadasaswami, 1989, 5.2]).

Anyway, the Guru/jeevatma team is bound to ultimately achieve the equilibrium (Geeta 11.33). Yogic and other religious practices are necessary so that one can listen to the pecking of the jeevatma to become free; described as anusandhan with (attunement to) the Guru. Before one can embark upon the more serious practices, some prerequisites, or rather corequisites, are necessary: varnadharma (dharma related to the stage in spiritual evolution) ashramadharma (dharma related to the stage of life), yama, niyama, and aasanas. Together, they will be referred to as varnashramadharma.

9.4 Corequisites for Yoga

9.4.1 Varnadharma (Laws for Predominant Stages in Spiritual Evolution)

There are four stages of evolution of the jeevatma, called varnas: Shudra, Vaishya, Kshatriya, and Brahmin. Although the “caste system” originated in the notion of varnas, my description of varnadharma here has absolutely nothing to do with this caste system. The reader is cautioned again that a superimposition of prior beliefs will distort the ideas I am trying to convey.

The discussion in this section is based mostly on ([Yogananda, 2001, ch. 4, 18]). Usually, the attunement to the Guru becomes feasible for a jeevatma only after a human birth, and progresses gradually. In the early stages of ignorance, one identifies oneself totally with one’s body. A person in this state is called a shudra. The prescribed way for a person to progress in this stage of evolution is to perform manual labor in the service of mankind so as to diminish the identification with the body. One then enters a stage where wisdom begins to dawn. However, this wisdom needs to be cultivated. In this state, the person is called a vaishya. The prescribed way for a person at this stage of evolution is to perform mental labor in the service of mankind. This way, one further diminishes one’s identification with the body, and while doing mental actions including dharmagrantha study, also manages to cultivate one’s wisdom further.

Just as the jeevatma is trying to free itself, maayaa is working against this goal. So, as the mind develops, it finds itself playing many tricks. Also, the external circumstances start fighting. When someone picks up the courage to fight on, he is called a kshatriya. His prescribed duties are to utilize his fighting instincts to protect mankind and inspire other people on their path to liberation. When the jeevatma becomes free, but has yet to live in this world to finish off the accumulated karma, such a person is called a brahmin. A brahmin’s prescribed duties are to get absorbed in spiritual practices so that he maintains the freedom.

The external attributes are like this: a brahmin is predominantly interested in spiritual progress and scientific studies (jnana and vijñana). A kshatriya is combative in nature, and aspires for a

leadership role in whatever vocation such a person is in. A vaishya has a calculating, businesslike mind, and typically seeks out money. A shudra is a merry-go-lucky person, who does not engage in higher thoughts.

These are rough manifestations. Especially in modern days, everyone would exhibit a combination of these tendencies. Accordingly, one has to combine the different kinds of activities depending upon which varna is predominant at what time. Deciding upon the correct course of action in accordance with dharma is a tricky business. The main enemy here is our own surrender to the desire for worldly pleasures. One has to keep constant vigil, keeping predominantly in mind the desire to become free. The Guru helps us with this, and yogic practices help us sort out the promptings of the Guru from the promptings of the worldly desires. Therefore, I have used the term corequisite as the title of this section. Behavior according to dharma and yogic practices complement and enrich each other. Mistakes are bound to happen, but we are also bound to recover from them “eventually” (i.e., perhaps after several births).

9.4.2 Ashramadharma (Laws regarding Stages in Life)

In addition to varnadharma, there are prescribed codes of conduct (ashramadharma) associated with four stages of life, called ashramas. Loosely speaking, the ashramas are: (1) student, (2) householder, (3) monk-aspirant, and (4) monk. The student stage begins at the end of early childhood, when the child is ready to discipline himself enough to start his education. In this stage, we are supposed to acquire various skills and knowledge to enable ourselves to become a productive member of society (avidya). We should also study the dharmagranthas, and learn how to meditate and progress on the path of dharma. At this stage of life, we should not wish to earn money, and most definitely, should stay away from physical (especially sexual) attractions.

The householder stage is the foundation of the whole society. This starts after the end of formal education, typically with marriage. In this stage, we are supposed to have a productive life, earn money, fulfill all of our ambitions, and satisfy all our material desires. However, the main intention is to expand our sense of ego to become more inclusive, by loving first our family and friends, then enlarging this circle to the citizens of our state and nation, then to mankind, and eventually to realize our fundamental unity with everything in the universe. An integral part of this is to perform social service and make donations.

When we get older, we reach a certain plateau. At this point starts the third stage of life. Here, we start on a deeper understanding of the inherent inadequacy of material objects and desires. The passion with which we attended to these should now be turned toward self-realization. At the same time, we are still available to the younger generation for guidance if they so wish, but we should not interfere with their routine lives.

The fourth stage involves a total mental renunciation from everything of this world. We are then to focus entirely on selfrealization. A part of the effort at this stage is to help others on this path.

9.4.3 Discipline of Yamas and Niyamas (Do's and Don'ts)

An integral part of varnashramadharma is also the observance of yamas and niyamas for a proper growth of an individual in harmony with society. These are described in the yogasutras of Patanjali (Kolhatkar 1996). The yamas are: ahimsa (not causing any harm to any being), satya

(truthfulness), asteya (not stealing, including not having a mental desire for what does not rightfully belong to us), brahmacharya (for married couples, undiluted loyalty to each other and moderation in sex, for others celibacy), and aparigraha (nonattachment to one's possessions). One is supposed to observe the yamas physically as well as mentally. The goal is to discipline and condition the mind for further yogic practices. An extreme and blind adherence is not recommended. The question as to where to draw the line can only be answered by each individual, and mistakes are bound to happen. One should start at a physical level, and try to go to the mental level. With dharmagrantha study, introspection, yogic practices, and the grace of Guru, our mind starts developing. Then the observance of yamas becomes deeper and deeper, and the doubts begin to disappear.

The niyamas are: tapa (loosely: an intense effort to achieve an objective), santosh (contentment, absence of greed), swadhyaya (study, especially dharmagrantha study, also constant introspection), shoucha (cleanliness: physical as well as mental), and Ishwarapranidhana (commonly translated as bhakti: devotion to God). I think it is pretty clear why niyamas are necessary to condition ourselves for spiritual progress and even for living a productive life. I will comment on bhakti later.

9.4.4 Aasanas (Yogic Postures)

Many modern people often confusingly refer to aasanas as yoga. It is only a part, as many people are becoming aware of. My understanding is that they are necessary for spiritual growth only to the extent that one has to maintain good health lest bodily ills interfere with spiritual progress. I am told that they play a greater role in raajayoga, at a minimum because they enable one to stay steady in a meditative posture. I have also heard that a practice of raajayoga unleashes such great power that one needs a strong body to withstand it.

9.5 Yoga (Methods to Achieve Self-Realization)

With these prerequisites one is able to embark upon the more serious yogic practices. They are classified usually into four (not disjoint) classes: jnaanayoga, karmayoga, raajayoga, and bhaktiyoga, respectively utilizing our ability to think, our need to be doing some action all the time, our physiology/psychology, and our ability to love. Because each of us possesses each of these attributes, one should practice a combination of all four yogas. Some people use the term “maarga” (path) in place of yoga. Since the term path seems to insinuate that one can follow only one of these practices, and I am advocating practicing a combination of all, I will avoid using the term maarga or path.

9.5.1 Jnaanayoga

In jnaanayoga, one contemplates constantly the question of “Who am I?” Equivalently, as we go through life's experiences, we constantly remind ourselves that these are not permanent, not I. This knowledge seeps in eventually. This is considered the hardest of all yogas, and I surely do not understand how it works, but it has been practiced and advocated by Ramana Maharshi in the recent past ([Ramanamaharshi, 1997]; [Chinmayananda, 2007]).

9.5.2 Karmayoga

Perhaps the most famous advocate and practitioner of karmayoga in the recent past was

Lokamanya Tilak, who has explained its principles with great logical clarity in ([Tilak, 1963]). The starting observation is that we cannot avoid doing actions. Action means both physical and mental action; in this context, it is actually more of a mental action. So, not doing any mental action is not only extremely difficult, but deliberately trying to abstain from a mental action is itself an action. Moreover, the experience of the fruit of an action is an action in itself, with its own fruit. So, how does one get out of this? The key is that the action has to bear fruit on its performer. Like a jnanayogi, one has to keep in mind that the atman is the true reality; the cycle of action and fruit is a part of maayaa. Therefore, by becoming innately aware of one's true nature as atman, one is not actually performing any action, and therefore, does not accrue any fruit.

The jeevatma still needs to go through the requisite cycles of birth and go on performing actions mandated by the previously accumulated actions, but rather than contributing to the koshas, they now work to demolish them. In the meantime, one has to use one's apparent freedom of choice not to get attached to the fruit. If someone does not do my bidding, and I get angry, not only have I suffered the fruit of his negative actions, but I have created a new action of getting angry. If on the other hand, I think that the negative action is only a fruit of some of my own previous action, and does not affect the "real" me, then I will only have reduced the karmic burden without having accrued a new one. This process is hard. Looking at the role models of Ram, Yudhishtir, and Tilak, it seems to me that an emotional response is not only an integral part of our lives, but even essential to some extent. However, what seems to be possible is to let wisdom take over these emotions before they become entrenched into our being. Thus, all of these great people were very angry when subjected to the main injustices of their lives, but this anger was not allowed to simmer and turn into hatred, or allowed to lead them astray from the path of dharma.

The discussion above says nothing about what actions to perform, only the attitude with which they are done. A selfrealized yogi will automatically do the right thing. For others, the compassionate Krishna has suggested that they should engage in their natural duties. The word duty here does not mean duties imposed by the society. Clearly, to the extent that we want something from society (money, food, things to meet other needs, etc.), we have to give back to society something in exchange. These are business deals, not natural duties. Not expecting the fruit of actions does not mean that one should not expect a salary for the work one performs, or that one should not try to negotiate and arrive at an optimal balance between the payment and the amount and nature of the required work. These are business deals, and must be handled by the regulations prevailing at the time.

In karmayoga, the attitudes are of paramount importance. Krishna has assured us that when we have to perform some unnatural duties in order to be able to engage in our natural duties, and do this with the right, detached attitude, then we do not accrue any blemish (Geeta, e.g., 18.47). One's natural duties are those that are dictated by one's varna and ashrama. Even if we try to give them up, we cannot. It is here that we should perform them without any expectation of reward/punishment. Vinobaji ([Bhave, 1967, p. 56]) illustrates: the sun does a great job of dispelling darkness and sustaining all the creatures on this earth. If we praise the sun for this, he will be puzzled, and demand to see at least a spoonful of darkness to check if he can really dispel it!

My understanding of Vivekanandaswami daswami. There is no particular reason for me to elaborate on this, and moreover, the practices here are supposed to be secret. I will only make some comments. Raajayoga should never be practiced without the guidance and supervision of a proper guru. It utilizes our physiology and psychology to achieve selfrealization. Therefore, just as we prefer a licensed doctor to prescribe us any medicine, and for the same reasons, a proper guru is needed, and one needs to keep secret the instructions raajayoga comes from the ([Vivekananda, 1989]) and literature Yogananfrom him. The same techniques do not work for everyone, just as the same medicines are not to be taken by everyone independently of his or her medical profile! A necessary condition to avoid an improper guru is to ensure that he is not looking for our money or other material objects ([Ramadasaswami, 1989, 5.2]).

9.5.4 Bhaktiyoga

Bhaktiyoga is perhaps the most popular yoga, at least in its primitive form. It must be a really unfortunate person who has never experienced love. Bhaktiyoga teaches us to make this love more and more sublime, and use it to attain the salvation of the jeevatma. Just as the ocean is manifest to us because of its waves, so does the attributeless paramatma manifest itself in the form of the universe and its various components. In this role, it is called parameshwara, or more colloquially, God. It is absurd to look for proof of the existence of God, or argue that it does not exist. Whatever seems to exist, the very property of existence, is a manifestation of God.

Many names, images, symbols, and rituals have been devised to help us contemplate the different attributes of God. I will refer to the images and symbols as gods. Ram, Ganapati, Jesus, Allah, etc. are all names of God. The corresponding images are well-known. The cross, a conch shell, a bell, the menorah, etc. are all symbols of God. A scientist or businessman can treat his area of research or his customers and employees as images/symbols of God. Anything that absorbs our attention constantly and consistently will do. The purpose is to help us direct our love (expanded in the practice of the student and householder stages of life) toward God. Such love, developed into devotion, toward God is called bhakti.

Because the various gods and rituals to worship them change from community to community, even family to family, and also from time to time, I do not consider these details to be part of dharmashastra. Nevertheless, many of the names, images, symbols, and rituals used by the Hindu community are either deliberately designed or interpreted so as to remind us of the connection with dharmashastra if we meditate deeper into their meaning.

Bhaktiyoga is considered the easiest of yogas, but there are pitfalls.

One may confuse business deals with love: “God answers my prayers for so many good things, so I love Him.” However, in this context, love is to be unconditional, not laced with carnal attraction or expectations of return, including a certain behavior from the one whom we love. One may become bigoted: “Jesus is our savior, and if someone prefers to worship in some other way, she should adopt my viewpoint or else be ready for an eternity in hell.” One has to understand that the different objects we see around us are but different aspects through which God is manifesting itself. People will find God through any of these. There is then no room for hatred.

One may engage in a mechanical performance of rituals, as if that is the end goal of all. Still, I am in favor of even a mechanical performance of some of the traditional rituals, which are

consistent with yama, niyama, and varnashramadharma. Like everything else, devotion is an evolving process; rituals give it a chance to take root, express itself, and grow. At the same time, they should not be performed with an eye of getting public recognition, or at a cost of becoming an avoidable nuisance to everyone else. I am writing only about individual worship here, not public issues such as whether one is entitled to ring bells in a temple that happens to be near a mosque.

Bhakti is an essential part of raajayoga. A proper guru would never allow raajayoga practices without bhakti; doing so would produce monsters. At the same time, bhakti assumes a certain emotion directed toward God. In contrast, raajayoga works initially at a purely physical level (e.g., breathing exercises, focusing the mind on breathing or different parts of body, making certain sounds, etc.). Therefore, raajayoga can be practiced by everyone regardless of a developed idea of God and love toward God. A practice of raajayoga deepens and purifies bhakti. Thus, one should practice both; they help enrich each other and avoid each other's pitfalls. Bhakti also facilitates karmayoga; the devotee feels free to ask God for the fruit of his actions, but does not deviate from his devotion if it is not granted. Nonattachment to fruit turns into offering the fruit to God. Krishna mentions clearly that bhakti is the ultimate result of every other system of yoga; it is only with bhakti that one can understand Him the way He is, and merge into Him.

9.6 Individuals and the Material World

There are several efforts to measure happiness in a scientific manner so as to guide socio-economic policy [Layard, 2003, and references therein]. In my opinion, these efforts are bound to fail at the scale of an individual for a number of reasons. First, any scientific survey involving many individuals cannot capture all the nuances of the notion. For example, a recent survey indicates that many people consider sex to be an activity leading to great happiness [Layard, 2003]. I doubt it very much how many of these respondents would enjoy sex if they are being raped. There may be many other less drastic side conditions which the respondents might not even be aware of themselves. Then again, the very inclusion of such items depend upon the imagination of the survey constructor, who cannot possibly imagine each and every notion of happiness with all its nuances. These survey based approaches also run the risk of defining happiness rather than measuring it in a neutral manner. If happiness is measured in terms of brain activity measurements, then we are essentially measuring the symptoms/signatures of a mental phenomenon.

Even if we assume that science has progressed so greatly that a clear one-to-one correspondence can be established between the signature and the mental state, this implies that the same mental state will necessarily arise simply by activating the right signature in the brain rather than any experience which one would normally associate with happiness. The socio-economic policy will then consist of attaching machinery to everyone which produces these signatures; a great science fiction story to illustrate a total slavery rather than a total happiness [Lowry, 1994]. Then again, there is the nagging problem of the dichotomy between being happy momentarily versus what is good for the individual in the long run, the dichotomy between the individual and the society, and an even more serious problem of who gets to formulate and enforce the policies. A recent BBC documentary illustrates the many problems created by such efforts in the western societies [BBC Documentary, 2007]. It is very obvious to me that in addition to the flaws in the definitions and measurements as pointed out in that documentary, the material desires of those in

power to formulate and enforce the policies based on these notions have destroyed completely any chance of the policies resulting in public welfare.

While it is clear to me that dharmashastra offers the most satisfactory way of dealing with these questions in the case of an individual, I don't have a solution to the question of how to translate these ideas into a socio-economic policy. To some extent, the problem seems to me to be similar to the problem of translating a pristine mathematical theory into a commercial product! Many efforts have been made in this direction from the ancient times – Kandusmruti, Atri Samhita, Parashar Samhita, Manusmruti, Arthashastra, Rajyavyavaharkosha of Gagabhatta, etc.

Varnashramadharma serves as a separation of powers, akin but perhaps better than the system stipulated in the American constitution, as illustrated in more detail by Haradas [Haradas, 1999]. However, as Haradas himself points out, it is very subtle, and in a social context, too sensitive to each and every individual adhering to the dharma scrupulously. Indeed, Ramayana and Mahabharat would not have happened if the efforts of basing a socio-economic policy on varnashramadharma were successful in a stable manner. Even a casual reader can't escape noticing the fact that after the avatar of God was ended, the situation actually became even worse. The main problem here is again the material desires of those in charge of formulating and enforcing the policies. So, from Ramayana and Mahabharat to Arthashastra [Bhagawat, 1999], it is stipulated clearly that those in power position must be introspective and in control of their material desires. In Arthashastra, the penalties of transgressions of dharma are many times more for people who ought to know/behave better than for others.

I will venture some comments here about what the ideal society based on varnashramadharma would be like, and what an individual can do to accommodate the less than perfect world.

An ideal society based on varnashramadharma has the same external objectives as the American ideal: no person is intrinsically inferior or superior to anyone else, and everyone should have an opportunity to develop his or her full potential. However, the definition of development is not based purely on a material basis, but as described above, on the foundation of dharmashastra. As the vaishyas in the householder stage are the main engine of wealth generation, society should provide an environment to enable them to acquire or generate as much wealth as they can, consistent with yama, niyama, and varnashramadharma. In turn, they have the obligation to support the material well-being of the rest of society. This is not enlightened self-interest; a businessman's ashramadharma requires that the very notion of what constitutes "self" should extend to his employees, customers, and the rest of society. This is not charity, but an obligation. In turn, asteya forbids the other varnas from being greedy and taking undue advantage of the vaishyas, instead taking only what is needed for the proper performance of their varnashramadharma.

In this context, rights exist only to the extent necessary to fulfill one's obligations (Geeta 2.47). There is no room for greed here, or for laziness. All desires that are consistent with dharma are manifestations of God (Geeta 7.11). When a passing wish grows into such a desire, not taking proper actions to fulfill it is only a sinful laziness. Yama, niyama, and varnashramadharma help us to determine whether our desires and intended actions are proper or not.

As I mentioned in the discussion of karmayoga, some compromises are acceptable in the absence

of the ideal society. For example, if a student does not have supportive parents, or resources to obtain her education without having to earn money, it is perfectly all right to earn the necessary amount of money while being a student, as long as the goal and the means are not confused. Any effort in the direction of dharma is bound by the law of karmavipak so as to result in a betterment of our circumstances.

To summarize, growth of a society, economic or otherwise, can only be defined in terms of the growth of all individuals in the society. What constitutes one's growth can only be determined by the individual, but must be achieved in harmony with society. The subject of dharmashastra provides the most in-depth, scientific, and logically clear theory and practices to achieve this goal. I have not made any claim as to whether the Hindu community (or myself) follows these principles. I have tried only to give a basic introduction to some aspects of the subject in a logical manner, following the axiomatic style of mathematics. In particular, I have tried to clarify the terminology of this subject and explain how to read the texts, the misunderstanding of which is a main cause of a lot of confusion and criticism in many discussions.

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Appendix on Technical Words

I have used many Sanskrit words as technical words, because the commonly used English terms can be misleading. Here is a list of the important terms, and a common translation (with which I often disagree). In order not to misinterpret this chapter, it is essential that the terms should be understood with the meaning I have ascribed to them, not the one indicated by the colloquial terminology from a table at the end of this chapter.

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Chapter 10

Impact of Hindu Rituals, Festivals, and Pilgrimages on Socioeconomic Well-Being in India

Gautam Naresh*

10.1 Introduction

The subject matter of this chapter is to argue that religious rituals, festivals and pilgrimages generate extra demand and supply of goods and services in the economy beyond that of normal daily activities. These extra activities thus add to the level of socioeconomic well-being of the society through generating additional employment which is an impact due to these activities. In this context, socioeconomic well-being may be defined as the situation in which all citizens lead a normal existence by hav

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ing access to food security, public health, shelter, educational systems, and a social safety net. Therefore, socioeconomic status is evaluated as a combination of factors including income, level of education, and occupation. It is a way of looking at how individuals or families fit into society using economic and social measures that have been shown to impact overall wellbeing of individuals. In the modern society, development impacts are generally evaluated in terms of changes in community demographics, housing, employment and income, market effects, public services, and aesthetic qualities of the community.

The expansion of production of goods and services and the consequent growth in PCGNP (per capita gross national product) or PCGDP (per capita gross domestic product) are economic indicators of growth and economic development. But these are to be transformed into the enhancement of human wellbeing - an indicator of prosperity measured by how the various efforts have succeeded in providing better opportunities for people, especially the deprived and those living below the normative minimal poverty line, to enjoy a productive and socially meaningful life. As the economic prosperity measured in terms of per capita income does not always ensure enrichment in quality of life reflected in broader dimensions of well-being, which may be measured using indicators such as the (1) Human Development Index (HDI), and the (2) Incidence of Poverty, the indicators that are more sensitive in reflecting changes in attainment levels at different periods of time.

Let us note that the HDI is a composite index that measures the three critical dimensions of well-

being: (1) Longevity– the ability to live a long and healthy life; (2) Education– the ability to read, write, and acquire knowledge; and (3) Command over resources– the ability to enjoy a decent standard of living and have a socially meaningful life. It is derived from per capita consumption expenditure, incidence of poverty, access to safe drinking water, proportion of houses with pucca or strong construction materials, literacy rate for the age group seven years and above, intensity of formal education, life expectancy at the age of one, the Infant Mortality Rate, etc.

Poverty in its absolute term reflects the inability of an individual to satisfy certain basic minimum needs for a sustained healthy and reasonably productive life. In order to identify the poor, the level of personal expenditure that enables individuals to satisfy a certain minimum consumption level may be taken into account. That proportion of the population not able to attain the specified level of expenditure may be considered poor.

The available aggregate national income data do not bifurcate into income originating in religious activities and other activities. So it is difficult to evaluate the impact of such activities. These activities do also impact in socioeconomic well-being by providing additional employment and thus better livelihood. In India there are so many households which do depend solely upon this sector and others who are dependent partially. The economic analysis on these lines is not available, at least to the knowledge of the author. In the present chapter only an exposition of such activities are given, which of course ‘may be an iceberg tip’. The inquisitive readers may go through the vast literature on the wide spectrum of such activities followed by all who reside in India of all sects. India is a vast country with major population of Hindus and others belonging to minority, i.e., Muslims, Christians, Parsees, etc. All the individuals contribute to the national income. Therefore, the religious activities of all of them should be taken into account.

Therefore, in this broad and complex background, the scope of this chapter is only very much limited to Hinduism. It shows that Hindu philosophy has guided the minds of its followers in disciplining their individual and social lives in terms of achieving their economic goals, leading to socioeconomic well-being. Religious rituals, festivals, and travels have been instrumental in achieving these objectives. The chapter has been organized as follows: Section 2 points out a relationship between human behavior and religious teachings. These are in the form of religious rituals, social functions, festivals, pilgrimage, and religious processions in Hinduism. This chapter highlights some of the magnitude of such activities which lead to enhancement of economic activities. For further details, the inquisitive readers may browse the related links and literature. These activities lead to creating additional employment and hence socioeconomic well-being. The section is basically a collection of some facts and information only culled out from available sources from Internet etc. In this exposition, personal opinions are not given. The discussion on the economic impact of religious practices on socioeconomic behavior is the subject matter of section 3. In section 4, some evils in practicing Hindu rituals are briefly touched upon. Section 5 includes a limited discussion of economics of Hindu rituals and related activities. Section 6 provides some rarely available statistics on travel for religious purposes and social functions in India. Finally, in section 7, the whole discussion is wound up.

Individual and social behavior is largely guided by the teachings one receives right from the start of its childhood. Therefore, respective religion by birth plays a vital role in this regard. Its philosophy also guides the society, which is the aggregation of individuals. Religion teaches how to discipline one's life to attain prescribed goals of life. Self-discipline and self-sufficiency are needed to achieve these goals. The Hindu philosophy, inter alia other such schools in the country and the world, also teaches what the goals of life are and how socioeconomic well-being to all in the society may be attained through various prescribed religious rituals, festivals, and religious travels. Who are Hindus? There are several definitions found in literature. "Hindu" refers to an identity associated with the philosophical, religious and cultural systems that are indigenous to the Indian subcontinent. As used in the Constitution of India, the word "Hindu" is attributed to all persons professing any Indian religion (i.e. Hinduism, Jainism, Buddhism or Sikhism). In common use today, it refers to an adherent of Hinduism."²

Precisely, "Hinduism is the predominant religion of the Indian subcontinent which includes Shaivism, Vaishnavism and Srauta among numerous other traditions. Among other practices and philosophies, Hinduism includes a wide spectrum of laws and prescriptions of "daily morality" based on karma, dharma, and societal norms. Hinduism is a conglomeration of distinct intellectual or philosophical points of view, rather than a rigid common set of beliefs."³ In the strict sense, we have to exclude Buddhism, Jainism from Hinduism though they have also borne in Hindustan. "Hinduism is indeed a complex and rich religion. No founder's initiative, no dogma, no reform have imposed restrictions on its domain; on the contrary, the contributions of the centuries have been superimposed without ever wearing out the previous layers of development.

"Hinduism, which is eminently popular in its practices and external manifestations, is essentially also a religion of the learned: it cannot be understood if the Vedanta and the Samkhya have not been fully comprehended or if, at the outset, there is no idea of the immense network of symbolism which underlies and links together all Indian thought.

"Hinduism characterizes society as a whole. The caste system, which is primarily based on division of labour as per Manusmriti, with its various "stages" of existence is part of Hinduism. In fact it was not as rigid as it is now. Based on his/her proven qualifications and expertise, on acceptance by the society a person could change it. Life is looked upon as a rite; there is no

² India-Constitution: Religious rights Article 25: "Explanation II: In sub-Clause (b) of clause (2), the reference to Hindus shall be construed as including a reference to persons professing the Sikh, Jain or Buddhist religion"

³ This definition is based on (a) Merriam-Webster's Collegiate Encyclopedia, MerriamWebster, 2000, p. 751; (b) Hinduism is variously defined as a "religion", "set of religious beliefs and practices", "religious tradition" etc. For a discussion on the topic, see: "Establishing the boundaries" in Gavin Flood (2003), pp. 1-17. Ren'e Gu'enon in his Introduction to the Study of the Hindu Doctrines (1921 ed.), Sophia Perennis, ISBN 0-900588-74-8, proposes a definition of the term "religion" and a discussion of its relevance (or lack of) to Hindu doctrines (part II, chapter 4, p. 58); and (c) Georgis, Faris (2010). Alone in Unity: Torments of an Iraqi God-Seeker in North America. Dorrance Publishing. p. 62. ISBN 1-4349-0951-4.

absolute dividing line between the sacred and the profane. In fact, there is no Hindu term corresponding to what we call "religion." There are "approaches" to the spiritual life; and there is dharma, or "maintenance" (in the right path), which is at once norm or law, virtue and meritorious action, the order of things transformed into moral obligation "U a principle which governs all manifestations of Indian life."⁴ Religion in it is a guiding and compelling force to the masses everywhere in performing rituals, festivals, etc. Walter G Muelder⁵ has explained it as

follows: Religion runs the whole gamut of human life. Being personal, it is both private and social, for man is a socius with a private center. Religion is both a response to man's total environment and an exploration into its frontiers. It is both conservative and liberal, or even radical. It may defend the status quo or it may take the initiative against entrenched wrong. Religion may be fanatically zealous for custom, law, and tradition. It may be sacrificially compassionate, universally inclusive, and humbly redemptive. It may be profoundly inward, reflective, mystical, or it may be attached to externals. Religion participates in the polarities of life. It may be passionately ethical and seek the radical transformation of culture. It may seek a state of tranquility above all the ambiguities of good and evil.

James B Pratt⁶ defined religion as the "serious and social attitude of individuals or communities towards the power or powers which they conceive as having ultimate control over their interests and destinies." This definition may be very useful in considering religious frontiers in political and economic responsibility.

Walter G Muelder has further explained the relation between religion and culture. It is as follows: Religion has twofold relationship to culture. In its visible institutional aspects religion may be viewed as one segment of culture alongside others such as the family, the economic order, political organization, aesthetic expression, systems of communication, and the like. On this level synagogues and churches, temples and mosques exist alongside local and state governments, schools, museums, stores, factories, airports, and the likes. Religion has a second and more profound relationship to culture. It is a dimension of each of the other major aspects of culture, whether or not this dimension is institutionally expressed or even acknowledged. Plowing a field, harvesting a crop, hunting game, rearing a family, governing a clan—these are all religious. Religion pervades all parts of culture.

⁴ Renou, Louis (ed) (1961). *Hinduism*. George Braziller, ISBN 0-8076-0164-0.

⁵ Muelder, WG (1967). "Chapter 16 Religious Frontiers in Political and Economic Responsibility" in *Religion in Philosophical and Cultural Perspective* edited by Feaver, JC and Horosz, W. New Delhi, New York, London, Toronto, Melbourne: Van Nostrand Reinhold Company.

⁶ Pratt, James Bissett (1920). "The Religious Consciousness". New York: Macmillan.

10.2.1 Basic Characteristics of Indian Philosophy and Religious Traditions

Hindu philosophy is one of overall Indian philosophy. India is a vast subcontinent in which primarily Dravidian (southern part of India), Aryan (northern part of India) and tribal cultures (northeastern part of India) and their variants flourished since ages so their traditions. But a few salient features of Indian philosophy (not limited to Hinduism only) are so common and thus to be kept in mind before understanding its rituals, festivals, etc. guiding Hindu life. Radhakrishnan and Moore (1957) have identified the following characteristics as the spirit of Indian philosophy, which are extremely complex and interrelated: (1) Spiritualism; (2) Intimate relationship of philosophy and life; (3) Introspective attitude and the introspective approach to reality; (4) Idealism in one form or the other; (5) Unquestioned and extensive use of reason, but intuition being accepted as the only method through which the ultimate can be known; (6) Acceptance of authority, and overall synthetic tradition. There is unanimity among several schools and systems of Indian philosophy regarding the ultimate goal of life as well as the good life on earth. The essential spirit of the philosophy of life is that of nonattachment and coexistence. This is an attitude of mind with which the individual fulfills his part in life and lives a "normal" everyday

existence in company with his fellow men, without being entangled in or emotionally disturbed by the results of his actions. He attains a mental and spiritual superiority to worldly values and is never enslaved by them. This is not negativism or escapism, for he takes part in everyday activities in accordance with his place in society. However, it is living and acting without any sense of attachment to the things of this world and without any selfishness whatsoever. All the current religious and social rituals etc. are manifestation in different forms emerged through practices and traditions over such a long history. There are a few of them of subcontinent characters and others are region specific.

10.3 Religious Rituals

A ritual is a set of actions, performed mainly for their symbolic value. It may be prescribed by a religion or by the traditions of a community, performed on specific occasions or at the discretion of individuals or communities; by a single individual, by a group, or by the entire community; in arbitrary places, or in places especially reserved for it, either in public, in private, or before specific people. The purposes of rituals are varied; with religious obligations or ideals, satisfaction of the spiritual or emotional needs of the practitioners, strengthening of social bonds, social and moral education, demonstration of respect or submission, statement of one's affiliation, obtainment of social acceptance or approval for some event –or, sometimes, just for the pleasure of the ritual itself.⁷ The ritual world of Hinduism, manifestations of which differ greatly among regions, villages, and individuals, offers a number of common features that link all Hindus into a greater Indian religious system and influence other religions as well. Avoidance of the impure –taking animal life, eating flesh, associating with dead things, or bodily fluids –is another feature of Hindu ritual and is important for repressing pollution.⁸ It is also true that rituals and rites are unscientific and “unsound”, and yet we do indulge in them in some form or the other in our daily life. Even those who call themselves ‘not religious’ do have their own rituals to perform. Maybe, they are not aware of them because of having forgotten to do a ‘look within’. Mantras and visiting temples are there to “relieve you” of your guilt feelings.⁹

⁷The link provides the details on Rituals <http://en.wikipedia.org/wiki/Ritual>

In a social context, those individuals or groups who manage to avoid the impure are accorded increased respect. Still another feature is a belief in the efficacy of sacrifice, including survivals of Vedic sacrifice. Thus, sacrifices may include the performance of offerings in a regulated manner, with the preparation of sacred space, recitation of texts, and manipulation of objects. A third feature is the concept of merit, gained through the performance of charity or good works with a belief that it will accumulate over time and reduce sufferings in the next world.¹⁰ persons, and daily gifts of small amounts of grain to birds or other animals serve to accumulate merit for the family through their self-sacrifice.¹¹

10.3.1 Domestic Religious Rituals

Most Hindus do conduct their worship and religious rituals at their home from dawn and dusk. For many households, the day begins when the women in the house draw auspicious geometric designs in chalk or rice flour on the floor or the doorstep especially in some parts of the country. For orthodox Hindus, dawn and dusk are greeted with a recitation from the Rig Veda of the Gayatri Mantra for the sun. After a bath, there is personal worship of the gods at a family shrine,

which typically includes lighting a lamp and offering foodstuffs before the images, while prayers in Sanskrit or a regional language are recited. Minor acts of charity punctuate the day. At each meal, families may set aside a handful of grain to be donated to beggars or needy

⁸ http://www.photius.com/countries/india/society/india_society_the_ceremonies_of_hi~88.html.

⁹ 29 Jan 2013, Hindustan Times (Amritsar). PP Wangchukinnervoice@hindustantimes.com
<http://paper.hindustantimes.com/epaper/viewer.aspx>

¹⁰ http://hinduism.about.com/od/basics/a/rites_rituals.htm

10.3.2 The Worship

“The worship (Puja) of the gods consists of a range of ritual offerings and prayers typically performed either daily or on special days before an image(s) of the deity, which may be in the form of a person or a symbol of the sacred presence. In its more developed forms, puja consists of a series of ritual stages beginning with personal purification and invocation of the god, followed by offerings of flowers, food, or other objects such as clothing, accompanied by fervent prayers. “Some dedicated worshipers perform these ceremonies daily at their home shrines; others travel to one or more temples to perform puja, alone or with the aid of temple priests who receive offerings and present these offerings to the gods. The gifts given to the gods become sacred through contact with their images or with their shrines, and may be received and used by worshipers as the grace (prasada) of the divine.”¹²

called Yajnopaveetam), Praishartha (learning of Vedas and Upanishads in ‘Gurukulam’ or ‘Pathshala’), Keshanta and Ritusuddhi (first shave), Samavartana (end of formal education of Vedas in ‘Gurukula’ or Pathshala), Vivaha (ritual of marriage), and Antyeshti (Antim Sanskar, i.e. rituals associated with funeral). There is no unanimity about the numbers of the Sanskars and also all of these are not performed by each Hindu. The Sikhs have 4 main Sanskars, namely, Nam Karan (naming a child), Amrit Sanskar (initiation or baptism), Anad Karaj (marriage ceremony), and Antam Sanskar (funeral ceremony).¹³

10.3.3 Sanskars from Pregnancy to Death

The Hindus perform sixteen Sanskars (cultural heritage and upbringing) from pregnancy to death jointly by the family and society. They are: Garbhadhana (act of conception), Pumsavana (engendering a male issue), Simanatonayana (parting the hair), Jatakarman (development of the intellect of the child), Namakarna (naming), Nishkramana (taking the child outside the house for the first time), Annaprashana (first time the child eats solid food), Chudakarana (cutting child’s hair for first time), Karnavedha (piercing the ears), Vidyarambha (commencement of studies), Upanayana (ceremony of wearing the sacred thread

¹¹ http://www.photius.com/countries/india/society/india_society_the_ceremonies_of_hi~88.html

¹² http://hinduism.about.com/od/basics/a/rites_rituals_2.htm

The detailed observation of the performance of these Sanskars may reveal that they are performed with so much pomp and show and with lot of religious rituals, especially the ritual of marriage. In the Antim Sanskar also it is much elaborated which is normally performed for thirteen days by Hindus. In the society, they have become showpiece of affluence of performers to the level of extravagance. To give an example, in one of the wedding ceremonies performed in Delhi, a noted film actor charged INR 35 million (approx. USD 0.7 million) for that night show,

which is a huge amount in India by any standard. Besides, the invitees were treated so well that they were offered various competitive games and the winners took away either luxury cars or return air tickets for two persons! This has perhaps beaten the records of such lavish marriages arranged by the royal families and big film stars.¹⁴ Other elaborate arrangements like food, clothing and other things may be imagined only by those who have witnessed these functions themselves.

10.3.4 Social Functions

These rituals can aid in creating a firm sense of group identity. Humans have used rituals to create social bonds and even to

¹³ Since the % symbol in the following link is also the 'comment' symbol in Latex word processing, the reader must manually type the link: <http://en.wikipedia.org/wiki/Sa%E1%B9%83sk%C4%81ra>

¹⁴Nav Bharat Times (2013). Salman Charged INR 35 million for Dancing in a Marriage. January 27. Delhi.

nourish interpersonal relationships. The social function of rituals has often been exploited for political ends.¹⁵ The religious life of many Hindus is focused on devotion to God (perceived primarily as Brahman, Shiva, Vishnu, or Shakti) or several gods. This devotion usually takes the form of rituals associated with sculptures and images of gods in home shrines. However, more philosophically minded Hindus ignore the gods altogether and seek Realization of the Self through intense meditation and yoga practices. Still others focus primarily on fulfilling the social and moral duties appropriate to their position in life. These various approaches are regarded as equally valid, and in fact are formally recognized as three paths (margas) to liberation: bhakti marga (the path of devotion), jnana marga (the path of knowledge or philosophy), and karma marga (the path of works and action).

Hindu religious practices center on the importance of fulfilling the duties associated both with one's social position and one's stage of life. With regard to the latter, traditional Hindus are expected to pass through four stages (ashramas) over the course of their life, namely, Brahmacharya, Grastha, Vanaprastha, and Sannyasa. All stages of life for the Hindu involve religious rituals, social festivals, pilgrimages, and practices.

10.3.5 Hindu Festivals

Hindus observe sacred occasions by festive observances. All festivals in Hinduism are predominantly religious in character and significance. Many festivals are seasonal. Some celebrate harvest and birth of God or heroes. Some are dedicated to important events in mythology. Many are dedicated to Shiva and Parvati, Vishnu and Lakshmi, and Brahma and Saraswati. Utsava is the Sanskrit word for Hindu festivals, meaning "to cause to grow upward." A festival may be observed with acts of worship, offerings to deities, fasting, feasting, vigil, rituals, fairs, charity, celebrations, puja, homa, aarti, etc. They celebrate individually and

¹⁵ <http://en.wikipedia.org/wiki/Ritual> in Xygalatas, D., Konvalinka, I., Roepstorff, A., & Bulbulia, J. 2011 "Quantifying collective effervescence: Heart-rate dynamics at a fire-walking ritual", *Communicative & Integrative Biology* 4(6): 735-738.

also in community life of Hindus without distinctions of caste, gender, or class.

These festivals celebrated across India are calibrated as per the Hindu Lunar Calendar (except Makar Sankranti and its variants), which may not coincide every year always with the Gregorian

calendar. Major festivals are: Makar Sankranti or Pongal etc., Vasant Panchmani, Thaipusam, Maha Shivaratri, Holi, Shigmo, Vasant Navratri, Rama Navami, Gudi Padwa, Ugadi, Vishu and Tamil New Year, Hanuman Jayanti, Bihu, Sitalsasthi, Vat Poornima, Bonalu, Bathukama, Ratah Yatra, Guru Purnima, Mahalakshmi Vrata, Onam, Raksha Bandhan, Krishna Janmashtmi, Gowri Habba, Ganesh Chaturthi, Nuakhai, Navaratri, Vijaydashmi, Deepawali, Bhaubeej, Kartik Poornima, Chhat, Prathamastami, Yatra, Karthikai Deepam, Panch Ganapati, and Kumbha Mela.

Of these festivals, two are worth mentioning in a bit greater detail. Both are major harvest festivals, namely, (1) Makar Sankranti, a national festival; and (2) Bihu, a national festival of Assam in the northeastern region of India for wishing peace and prosperity. But both have crossed the frontiers of India.

10.3.5.1 Makar Sankranti

Among all the festivals listed above, Makar Sankranti is the most significant and unique; it is celebrated all over not only in India but in South Asia in one or the other name and customs. It is observed where solar system of calendar is followed. It is the celebration of new year's day. It is one of the few Hindu Indian festivals that are celebrated on a fixed date (i.e., January 14th every year). It is believed that it has been celebrated for the last six thousand years, as archeological findings in Latin America prove that the Mayans celebrated something similar to Sankranti with Pongal, Pala kayalu, as some kind of spring festival. The festival therefore takes place around 21 days after the tropical winter solstice (between December 20th and 23rd) that marks the starting of Uttarayana, which means the northward journey of the Sun. All over the country, Makar Sankranti is observed with great fanfare.¹⁶ So, apart from socio-geographical importance, this day also holds a historical and religious significance. Its variants are as follows: (1) Makar Sankranti or Sankranti Andhra Pradesh, Bihar, Goa, Sikkim, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Manipur, Odisha, Uttar Pradesh, Uttarakhand, West Bengal, and Uttarakhand; (2) Uttarayan Gujarat and Rajasthan; (3) Maghi Haryana, Himachal Pradesh and Punjab; (4) Pongal Tamil Nadu; (5) Magh Bihu or Bhogali Bihu Assam Valley; (6) Shishur Saenkraat– Kashmir Valley; and (7) Makara Vilakku Festival –Sabarimala Temple (Kerala). In other countries too the day is celebrated but under different names and in different ways.

“Makar Sankranti, apart from being a harvest festival, is also regarded as the beginning of an auspicious phase in Indian culture. It is said to be the “holy phase of transition.” It marks the end of an inauspicious phase, which according to the Hindu calendar begins around mid-December. It is believed that any auspicious and sacred ritual can be sanctified in any Hindu family this day onward. Scientifically, this day marks the beginning of warmer and longer days compared to the nights. In other words, Sankranti marks the termination of the winter season and the beginning of a new harvest or spring season.”¹⁷

Many Melas or fairs are held on Makar Sankranti, the most famous being the Kumbh Mela, held every 12 years at one of four holy locations, namely, Haridwar, Prayag (Allahabad), Ujjain, and Nashik. There are also the Magh Mela (or mini-Kumbh Mela held annually at Prayag) and the Gangasagar Mela (held at the head of the Ganges River, where it flows into the Bay of Bengal). Makar Mela is in Odisha. TusuMela, also called Tusu Porab, is celebrated in many parts of Jharkhand and West Bengal.

¹⁶http://www.lokvani.com/lokvani/article.php?article_id=7044 ¹⁷<http://vijayalur.wordpress.com/category/vedic-astrology/page/4/> 10.3.5.2 Bihu

“Bihu (Assamese: Bishu) denotes a set of three different cultural festivals of Assam. Though they owe their origins to ancient rites and practices, they have taken on definite urban features and have become popular festivals in urban and commercialized milieus in the recent decades. Bihu is also used to imply Bihu dance and Bihu folk songs. The Bihus are the most important national festivals of Assam, celebrated with fun and abundance by all Assamese people irrespective of caste, creed, religion, faith, and belief, not only in Assam but wherever they are. “The word Bihu is derived from the language of the Dimasa Kacharis, who have been agrarian since time immemorial. Their supreme god is BraiShibrai or Father Shibrai. The first crops of the season are offered to Brai Shibrai while wishing for peace and prosperity. So Bi means “to ask” and Shu means “peace and prosperity” in the world. In Assam, Rongali Bihu draws from many different traditions—Austro-Asiatic, Sino-Burmese and Indo-Aryan and is celebrated with great fervor. Celebrations begin in midApril and generally continue for a month. In addition there are two other Bihus: Kongali Bihu in October (associated with the September equinox) and Bhogali Bihu in January (associated with the January solstice coinciding with MakarSankranti). Each Bihu coincides with a distinctive phase in the farming calendar.”¹⁸

Bihu is the festival of tribute to the interdependence of man and animal. Bohag Bihu is primarily a three-day long fiesta. The festival begins with the daylong rituals dedicated to the livestock, especially cows, because they are the backbone of economic life of the rural folk. The festival stimulates various craft also such as weaving, arts and crafts.

10.3.6 Pilgrimage in Hinduism

The Rigveda says that there is no happiness for him who does not travel! Therefore wander! The fortune of him who is sitting, ¹⁸<http://en.wikipedia.org/wiki/Bihu>

sits; it rises when he rises; it sleeps when he sleeps; it moves

sits; it rises when he rises; it sleeps when he sleeps; it moves 600 B.C.). Pilgrimage in Hindu traditions and mythology has thus been given due recognition. In this, it allows pilgrims to spend time in sacred places, experiencing a sense of communion with spiritual ancestors on holy ground. Hindu faithful make a pilgrimage to honor the deities and saints to whom they are devoted. Pilgrimage offers opportunities for purification, communion with like-minded believers, participation in specific rituals and festivals, and spiritual enlightenment that span the entire Indian subcontinent. It was traditionally believed that one who undertakes a pilgrimage will attain moksha, the release from samsara (cycle of rebirths) at the time of death. The pilgrim is required to take darshan, which is paying ceremonial respect to a holy place or person to get purified of its self. It also is the purification one receives as the result of such a ceremony. It is believed that the Supreme Being dwells in the temple to receive worship and to bestow blessings on pilgrims. A pilgrim should: Participate in kirtan, also called Bhajan, which involves repeatedly chanting the names of the god, goddess, or saint. Chanting is a form of worship and glorifies the Deva, Devi, or Saint. Make a charitable donation to the temple and its priests. Charity is an act of respect and bestows blessings of the deity. Practice austerities. Celibacy is often observed. Shaving one's head is an act of penance. Attend lectures and seek advice about the spiritual life. Participate in rituals and ceremonies. The Aarti (prayer) ceremony is a sacred pilgrimage ritual and is accompanied by narrative songs about the worshiped deity. Perform

parikrama, clockwise circumambulation of a sacred shrine or temple. Parikrama honors the deity, centers pilgrims, and reaffirms that the site is sacred.¹⁹

“For many pilgrims, the process of getting to their destination involves preliminary vows and fasting, intensive cooperative efforts among different families and groups, extensive traveling on

¹⁹There is extensive list of Pilgrimage in http://www.ehow.com/how_4424565_make-hindu-pilgrimage.html

foot, and the constant singing of devotional songs. On arrival at pilgrimage destinations in India, groups of pilgrims often make contact with priests who specialize in the pilgrim trade and for a fee plan the group's schedule and ritual activity. At some of the major sites, the families of the priests have served as hereditary guides for groups of pilgrims over many generations. Where a shrine is the focus, the devotee may circumambulate the buildings and wait in line for long hours just for a glimpse of the deity's image as security personnel move the crowds along. At auspicious bathing sites, pilgrims may have to wade through the crush of other devotees to dip into the sacred waters of a river or a tank. Worshipers engaged in special vows or in praying for the cure of a loved one may purchase shrine amulets to give to the god (which are circulated back to the shrine's shop) or purchase foodstuffs, sanctified by the god's presence, to take to friends and family. Nearby, souvenir hawkers and shopkeepers and sometimes even amusement parks contribute to a lively atmosphere that is certainly part of the attraction of many pilgrimage sites.”²⁰

Almost any place can become a focus for pilgrimage, but in most cases they are sacred cities, rivers, lakes, and mountains. Hindus are encouraged to undertake pilgrimages during their lifetime. Most Hindus visit sites within their region or locale. Those who can afford it may journey to more popularly known and visited sites, such as those in the following list: Allahabad, Amarnath, Arunachala, Ayodhya, Chitrakut, Bhavani (Erode), Badrinath, Banaras, Chidambaram, Dakshineswar, Dharmasthala, Dwarka, Kedarnath, Ganga Talao, Gaya, Guruvayoor, Hampi, Haridwar, Kalahasti, Kanchipuram, Kanyakumari, Kateel, Kollur, Kumbakobam, Kukke Subramanaya, Kunrakudy, Madurai, Mahabalipuram, Maihar, Marudamalai, Mathura, Mandher Devi Temple in Mandhradevi, Mayapur, Mount Kailash, Nashik, Nathwara, Palani, Pazhamudircholai, Gangotri, Pushkar, Puri, Puttuparthi, Yamunotri, Rameshwaram, Rishikesh, Sabrimala, Shakumbhari Devi, Shirdi, Sikkal,

²⁰<http://countrystudies.us/india/53.htm>.

Sivagiri (Kerala), Somnath, Sringeri, Srirangam, Swamimalai, Swamithope, Talapady, Tanjavur, Thiruchendur, Tiruchirapalli, Thiruparamkunram, Thiruthani, Thiruvannamalai, Tirupati, Ujjain, Udipi, Malai Mandir, Vaishno Devi, Vayalur, Vindhyachal, Viralimalai, Virpur, Vrindavan. Pilgrimage towns like Allahabad, Varanasi, Nasik, and Puri, mostly centred around rivers, developed into centres of trade and commerce. Religious functions, festivals and the practice of taking a pilgrimage resulted in a flourishing pilgrimage economy.²¹

Religious functions, festivals, and the practice of taking a pilgrimage resulted in a flourishing pilgrimage economy. These major pilgrimages may be classified as Char Dhams, Shakti Peethas, and Jyotirlingas, and ashrams set up by various gurus/saints etc. dot the Indian subcontinent.

10.3.6.1 Char Dham

Adi Shankaracharya was a prominent reformer in the eighth century. He was instrumental in reviving the Hindu Dharma in India. He grouped the four sacred places Badrinath, Rameshwaram, Puri, and Dwarka as the Char Dham, which are dedicated to the Vishnu Avatars (incarnations). Geographically speaking, the Char Dham make a perfect square with Badrinath and Rameshwaram falling on the same longitude and Dwarka (old) and Puri on the same latitude, representing the farthest north, east, west, and south points of India (at that time, before the coastlines changed).²²

As opposed to the predominantly Vaishnavite Char Dham, Chhota Char Dham (shorter Dhams) represents all three major Hindu denominations and consists of four sites Yamunotri and Gangotri representing Shaktism, Kedarnath representing Shaivism, and Badrinath located in the Himalayas (Uttarakhand).

²¹ There is extensive list of Pilgrimage in <http://en.wikipedia.org/wiki/Pilgrimage>

²² There is extensive list of Chardhams in <http://www.shadanidarbar.com/4dham.php>

10.3.6.2 Shakti Peethas

The Shakti Peethas (holy places of cosmic power) are the holy places of pilgrimage for the Shaktism sect of Hinduism. These are places of worship consecrated to the goddess Shakti, the female principal of Hinduism and the main deity of the Shakta sect. Among these, the Shakti Peethas at Kamakhya, Gaya, and Ujjain are regarded as the most sacred as they symbolize the three most important aspects of the mother Goddess, viz. Creation (Kamarupa Devi), Nourishment (Sarvamangalagauri Devi), and Annihilation (Mahakali Devi). When observed carefully, one can see that they lie in a perfect straight line from Kamakhya to Ujjain via Gaya, symbolizing that every creation in this universe will be annihilated one day without fail. Together with Kanchi (Kamakshi), Madurai (Meenakshi), and Kashi (Vishalakshi), we have the most potent Shat Sakthi Peethams (Table 10.1).²³

10.3.6.3 Jyotirlinga Temples

A Jyotirlinga is a shrine where Lord Shiva, an aspect of God in Hinduism, is worshipped in the form of a Jyotirlingam or “Lingam of light.” There are twelve traditional Jyotirlinga shrines in India. They are sprinkled throughout the Indian subcontinent. A circuit pilgrimage possibly to all or even a few leads to socializing with different parts and thus integration.²⁴ Isha Mission (more than 105 centers), Art of Living Ashram (Karnataka), Osho Ashram (Maharashtra, Madhya Pradesh), Isha Foundation Ashram (Tamil Nadu), Sathya Sai Baba Ashram (Andhra Pradesh), Mata Amritanandamayi Ashram (Kerala), Sri Aurobindo Ashram (Pondicherry), Sri BinduSewaSansthan (Uttar Pradesh), Sadhu Vaswani Mission (Maharashtra), etc.

10.3.6.4 Ashrams and Missions

Traditionally, an ashram is a spiritual hermitage. Additionally, today the term ashram often denotes a locus of Indian cultural activity such as yoga, music study, or religious instruction.²⁵ There is a long list of ashrams and missions set up by various saints, gurus, and preachers throughout the country, which are visited by the millions of their followers. To name a few: Ramkr

²³ see http://en.wikipedia.org/wiki/Shakti_Peethas

²⁴ <http://en.wikipedia.org/wiki/Jyotirlinga>

²⁵ see <http://en.wikipedia.org/wiki/Ashram>

10.3.7 Religious Processions

A religious procession is a group of people moving through a predefined space in a ritual manner. It must be noted that an individual's movement does not carry the same impact as the movement of a group. Processions in some cases mark existing relationships between groups (Ley 2005). They also use the communal nature of the event to foster a sense of community. There are various religious processions carried out magnanimously on a considerably large scale in various parts of India, attracting a huge number of persons. They include: Kailash Mansarovar Yatra, Shri Amarnath Cave Yatra, Char Dham Yatra, Rath Yatra of Lord Jagannath, Processions and immersion of Sarswati Devi, Wedding of Lord Shiv, Wedding and other events of Lord Rama's life, Processions on the life of Lord Krishna, Immersion of Lord Ganesh into water, Night-time procession at the Meenakshi temple, Procession at the Darupadiamman festival at Korikadu, "Surprise" Procession at the Meenakshi temple, Procession in North Mudurai, etc.

10.4 Socioeconomic Impact of Religious Practices

Hinduism also, inter alia other isms, has played an influential role in shaping economic behavior and activities among its followers. The fundamentals of Hindu economic philosophy are largely reflected in the economic thoughts of Mahatma Gandhi. They are characterized by its affinity to the principles and objectives of nonviolent humanistic socialism, rejection of violent class war, and promotion of socioeconomic harmony. Economics and ethics are integrated in it. Here we find rejection of materialism and also ways to remove the source of mass unemployment and poverty. He advocates for a cooperative effort to promote education, healthcare, and economic self-sufficiency by people producing their own clothes and food, helping in personal and spiritual development, and working for wider social development with the promotion of the values of equality. Human dignity rather than material development is paramount.²⁶ Hence there is clear distinction between moral and immoral economic practices. Such economic practice that hurts the moral well-being of an individual or a nation is immoral, and therefore sinful. Man is supreme over money. Plain living that helps in cutting down the person's wants is to be given preference. There has to be a distinction between "Standard of Living" and "Standard of Life," where the former merely states the material and physical standard of food, clothing, and housing. Cultural and spiritual values and qualities may help in attainment of higher standard of life.

Gandhi has often quoted that if mankind is to progress and to realize the ideals of equality and brotherhood, it must act on the principle of paying the highest attention to the prime needs of the weakest sections of the society by directly uplifting its most vulnerable sections.²⁷ Also, quality of the human being has to be raised, refined, and consolidated. Everybody should be given the right to earn according to his or her capacity using just means. The rich should serve the society after satisfying their needs, and not merely enjoy their lives.

In Hinduism also donation has a prime place. The Hindus give donation to the temples, which is supposed to be spent on charity and public welfare activities such as feeding to the poor and children, education, health, etc. Capacity and capability development is and should also critical of charity to empower them by making employable in some trade. This certainly would add to

long-term and inter-generation impact on socioeconomic well-being. Mere feeding would make them dependable and parasite on the society. Feeding should be to destitute and disabled. Some of the big temples receive billions of rupees annually. They run university, super-specialty hospitals and dispensaries and colleges. Hindus also organize common mass feast too.

²⁶ The section on Gandhian Economic Thought is based on http://en.wikipedia.org/wiki/Gandhian_economics

²⁷ see <http://www.nceri.in/html/microplanningunit.html>.

10.4.1 Unification of the Indian Subcontinent

The economic, social, and cultural unity may be attributed to religious practices in India since its recorded history. Her civilization is distinct in important respects from the civilization of the rest of the world. As Lunia (1970) observed, to a very large extent the habits, dress, religion, laws, and learning of the Indians have been what they have themselves evolved and found to be suitable for themselves. The ideal of unity in India is not a recent growth or discovery. Unity due to geographical, political, religious, cultural, linguistic, and physical uniformity are the hallmark of this country. The Hindus all through the past ages have been maintaining fundamental unity in diversity. Even non-Hindus have not been altogether unaffected by this sentiment of their Hindu surroundings. Saints, prophets, and followers of different rival creeds have been associating freely throughout the country. Instances of their close friendship are abundant. Many followers of Islam in India have shown a profound interest in the science, philosophy, and religion of their Hindu brethren. Even to this day in the villages of India, the votaries of different creeds and sects follow Hindu festivals, practices, customs, and modes of life as well as that of Islam.

From the early Hindu times many rishis or sages had set up their hermitages at different places in the country. They were the centers of the highest learning and promoted culture among the common folk. Later on the holy cities and the prosperous towns took their place. Varanasi, Taxila, Mathura, Kanchi, Nalanda, Avantika, Madura, Puri, Shringeri, etc., were such places. They were looked upon with veneration by the people craving to visit them. The pilgrims who visited them and the students who lived there and returned after some years contributed substantially to the diffusion of Indian culture and fundamental unity. Sanskrit scholars, saints, and missionaries also fostered the sentiment of unity by traveling all over the country. If Adiguru Shankaracharya had carried his message from the Cape Comorin (Kanya Kumari) to the Himalayas, Chaitanya spiritualized the environment from Bengal to Vrindavan and Mira from Vrindavan to Dwarka in Gujrat. Thus the devoted pilgrims, zealous missionaries, wandering Saints or Sanyasis, and keen Brahman students formed a connecting link among the different and distant units of the country and reinforced the sentiments of unity. Similarly, Hinduism, which has been the fountainhead of several sects and creeds, has been fostering the growth of uniformity of spiritual life and thought.²⁸

answer to a question by a Rishi regarding the state of affairs in his country, says: "In my kingdom there is no thief, no miser, no drunkard, no man without an altar in his home, no ignorant person, no adulterer, much less an adulterous." This is the highest level of socioeconomic well-being.

10.4.2 Social Welfare in Hinduism

As per Kautilya's Arthshastra, though the king wielded extensive despotic powers, he was

guided by the noblest ideals of beneficence, and considering himself as the servant of the people, he constantly strove for their welfare. In the happiness of his subjects lies his happiness; in their welfare, his welfare; whatever pleases him he shall not consider as good; but whatever pleases his subjects, he shall consider good. The ethical doctrines of the Hindus are based upon the teachings of the Upanishads and of certain secondary scriptures, which derive their authority from the Vedas. But though their emphasis is mainly subjective, the Upanishads do not deny the value of social ethics.²⁹ Further for instance, we read: “As the scent is wafted afar from a tree laden with flowers, so also is wafted afar the scent of a good deed.” Among the social virtues are included “hospitality, courtesy, and duties to wife, children, and grandchildren.” This ethic further is further illustrated in one of the Upanishads, a king, in

²⁸Largely based on Lunia (1970)

²⁹<http://www.hinduism.co.za/ethics.htm>

10.4.3 Poverty Eradication Elements in Hinduism

It may be noted in various religious rituals, pilgrimages, and festivals that there is a strong element of donation and charity giving, and occasional community meals for all the sections of the society. Of course, Hinduism is not the only in this. Other religions also follow it. The temples, churches, mosques, gurudwaras are supposed to arrange for the provision of free medical and educational facilities, clothing and food, to the poor, destitute, and physically disabled. The funding is done out of income of the temples coming out of endowments, donations and charity. This adds in eradication of poverty and enhancement of socioeconomic well-being beyond governmental efforts.

10.5 Some Religious and Social Evils

All is not well in practicing Hindu religion. There is a wide gap between what is enunciated and what are being practiced. We know, the Brahmanism (Hinduism) is one of the oldest religions in human civilization. It was based on Vedic philosophy, but by the sixth century AD, it had lost its original purity and had decayed into cumbrous, meaningless rituals. The rites and ceremonies were made so elaborate and expensive that they were no longer within the reach of the average man. In this regard, Lunia (1970) observed that people therefore groaned under the heavy burden of ceremonial rituals. Further, the Aryan belief in the divine power of sacrifice was much exploited by the priestly class by converting it into actual killing and sacrificing of living animals and sometimes even human beings on certain ceremonial occasions, which created a feeling of revolt and contempt against such things in the minds of many. Besides, the great public ceremonies such as abhisheka and asvamedha drained the coffers of the state; there were many household rites for which the services of the Brahmins (priests) were necessary, even essential. These practices were very revolting. They turned the people against not only the Brahmins, but the system they represented. Perhaps the evils started to creep into the system with the turning of simple philosophical religion into an idol-based temple system during the Gupta period (320 to 550 AD) of Indian history—a watershed period in the history of Hinduism. Notably, Hindu culture reached its high watermark under the Guptas too. The Hindu religion then attained the form that is bequeathed to us even today. It enjoyed patronage of the rulers. There is inscriptional evidence showing that innumerable endowments of lands and temples were made to Brahmins by the kings, their ministers, guilds, and well-to-do individuals. These temples were devoted to the various gods of the Hindu pantheons. It appears that the worship of images, with its elaborate

ritual, began during this period. Another practice was that of tantrism, which was associated with the Shakta cult. It believed in certain dormant powers being in the human body and attempted to revive them by mantras, Japa, and other magic powers. Some obscene and immoral practices were also followed. In addition, the caste system had developed its rigidities and vigor and its fetters were becoming tighter. Change from one caste to another was becoming impossible. The members of the low caste had to face a very miserable plight, and they were treated with contempt.

Hinduism had degenerated a good deal during the Islamic rule on India. Masses were sunk in gross superstitions. They believed in supernatural powers, practiced numerous complicated ceremonies and meaningless rituals, and worshiped not only the stone and metallic images but trees and rivers. The Brahmins enjoyed a monopoly on the sacred lore and numerous social privileges. These were some of the blemishes on the rational and cultured society.”³⁰.

³⁰Lunia (1970) provide a good account of this phase of India

Social reformists have been attacking such practices. These were eradicated by reform movements at different parts of the Indian subcontinent as well as by governmental efforts over the period. This process is still ongoing. The reform movements helped in loosening rigid caste distinctions, the Sati system (Pratha) and the Parda practice, child marriage, infanticide, devdasi system, polygamy, untouchability, superstitions, etc.

10.6 Economics of Hindu Rituals, Festivals, and Pilgrimage

The economic impact of the above-mentioned Hindu religious practices (yet not a complete coverage) on production, distribution, and consumption of goods and services is difficult to analyze due to severe data constraints as noted above. National Sample Survey (NSS) data are also not available. Therefore, it is difficult to segregate factors separately contributing to national income for two sectors: (1) under religious activities, and (2) the rest of the economy. Nevertheless, it may be noted that all the stated rituals, festivals,³¹ functions, and pilgrimages are so elaborate and complex that they generate extraordinary demands for goods and services beyond normal demands. This demand is supplied largely through the labor-intensive unorganized sector and cottage industries. The production of certain goods and provision of services are under the large-scale sector also. This generates employment opportunities for many and helps in generation and distribution of income more equitably in the economy leading to the socioeconomic well-being of those involved. Further, these rituals, etc. have given rise to a strong class of priests highly respected by those who believe in them. Donations to the temples have also resulted in their amassing huge wealth, most of which remains unproductive. Some of the temples do run various social welfare activities such as educational institutions, medical dispensaries and hospitals, orphanages, etc., thus sharing these duties with the government. Mass provision for food not only for the poor, destitute and children but also for common people are arranged by these temples. Gifts and charity, as required in religious activities, provided by individuals also help in enhancing social welfare.

³¹<http://hinduonline.co/hinduCulture.html>
10.6.1 Rise of a Village into a Temple Town

There are several examples of the rise of temple cities in India as strong centers of economic

activities. Development of the Shri Balaji Temple (dedicated to Lord Hanuman, the monkey god) at Ghata Mehandipur in the Dausa district (Rajasthan) is one such case. It is an extraordinary pilgrimage site as the deity of this shrine is said to have miraculous powers to heal a person possessed by an evil spirit. Thousands of people who are under the spell of black magic or possessed by malevolent spirits or ghosts flock to this temple to seek relief daily. These possessed people (known as Sankatwalas in the local language) appeal and offer regular prayers to the deities—Shri Bheruji and Pret Raj Sarkar—to cure their ailments. Though medical science may despise such practices and call them sheer strong blind faith or superstition, the devotees regard and revere the supernatural power of Balaji, and thousands of victims are believed to have been healed and had evil influences driven out of them by visiting this temple. The visitors are not limited to Hindus only. Other activities in the temple include performing rituals; running schools and hospitals; providing daily food to the school children, homeless, disabled, and poor; and providing fodder for cows and other animals. A century back, this place was almost inaccessible as it was in the midst of jungle with wild animals and its location was surrounded by hillocks, and people used to visit during the day time only. Even in 1970 only a few hundred used to visit. Only a few inns (dharmshalas) homes were available to stay, run by charitable trusts of other cities such as Jaipur, Delhi, Kolkata, etc. The local inhabitants used to serve simple food to the visitors and sell small provisions along with prasada for offering to the deities. But now the complex has spread over several kilometers, and has a chain of hundreds of temples of various sizes served with all the modern amenities. The temple town has several types of small and big hotels, lodges offering even luxury rooms, and all sorts of food. It has bank facilities with ATMs and postal service, and a complete market. It is connected with an all-weather road network serviced by all types of buses under public and private sector operators as well as taxis up to the point. The town remains busy with activities until mid-night. The permanent population has also grown accordingly from hundreds to thousands besides many more in the floating population. The well-being index of the population must have improved considerably. New generations have been able to find employment even outside and are not dependent on their traditional jobs. The demand for goods and services of various types with its multiplier impact has crossed well beyond the town boundaries.

10.6.2 Setting of a Temporary Tent Town on Maha Kumbh

Maha Kumbh Mela falls every twelve year. In between, Ardh (half) Kumbh falls at six year interval after each Maha Kumbh. Kumbh Mela is the largest pilgrimage recorded in history. Kumbh Mela is also credited with the largest gathering of humans in the entire world. The location is rotated among Allahabad (at Sangam triveni confluence of Gangaes, Yamuna and mythical Sarswati rivers) and Haridwar (on the bank of Ganges river) in Uttar Pradesh, Nashik (Godavari river) in Maharashtra and Ujjain (at the banks of Shipra river) in Madhya Pradesh. It is a religious and cultural event starting from Makar Sankranti to Maha Shivratri of that year. One of the places is Allahabad, which organized this in 2013. It is being regarded as one of the biggest congregations on earth of saints, seers, philosophers, gurus, preachers, disciples, culture, religion and visitors. It is more than two months long celebration. To accommodate such a big crowd approximately over 90 million hailing from all parts of the world and states in India, a temporary tent town is developed. The magnitude may be gauged that on the Mauni Amavasya, the biggest day of holy dip attracted over 30 million persons. The comparative statistics of the extent of infrastructural provisions of 2013 mela with 2001 mela is given in Table 10.2. Besides, all the modern facilities such as postal service both on land as well as floating in the river,

banking, Internet, ATM, etc are available in it.

10.6.2.1 Study by Harvard and Cornell Universities

This mela is so much important that it has attracted a multidisciplinary team of over 50 faculty, staff and student researchers from Harvard University and Cornell University to visit Allahabad to document and analyze the processes involved in the successful functioning of the Kumbh Mela perhaps for the first time to do so.³² The year-long interfaculty project was coordinated by the South Asia Institute at Harvard University and the Harvard Global Health Institute, as part of their focus on urbanization. The team visited the several akharas (Hindu religious organizations), including the Juna Akhara, one of the oldest such organizations in India.

Research topics included: the ritual use of flowers and their environmental impact at the Kumbh Mela; diversity of sacred trees; the Ganges River - both its pollution and the effects of dams; the relationship between faith and science; religious performances at the Kumbh Mela, including lilas or playfulness, as part of the rituals; the Green Kumbh movement; and the various religious groups and their identity at the Kumbh Mela.

At the macro level, students documented the spaces at the Kumbh Mela using two- and three-dimensional media, including plans and sections, diagrams, perspectives and aerial photography and film. The team explored two complementary conditions: the physical structure of the settlements, including the hierarchy of residential sectors, the attribution of spaces for public amenities, the location and organization of infrastructures, and the

³²The rest of the description provided here is a reproduction of an edited version based on <http://southasiainstitute.harvard.edu/kumbh-mela/>

proximity of these spaces to the Sangam, the confluence of the holy rivers and the temporal, fleeting events that define the festival in a much more ephemeral way, including the routes that the pilgrims take between different parts of the city, the moments of bathing, and the night-time celebrations. Among other issues, the group is exploring how these two parts function together, and how the systems that emerge can be applied to sustainable urban design in other nations and contexts. At the micro level, the team commenced documentation of the design and construction of the individual akharas and the temporary settlements of the pilgrims who reside at the Kumbh Mela for the 55 days of the festival.

There were two teams of researchers from Harvard Business School at the Kumbh Mela. The first team had been engaged in a clinical study of the structure and governance of the Kumbh in order to understand how large scale urban infrastructure can be deployed in reasonably short order. The output for this research would be a series of articles and case studies focused on distilling implications for public policy and management. The second team conducted an econometric study of the formation of networks and groups in large scale, diverse, and reasonably inchoate settings. The study used primary data collected in real time during the weeks of the Kumbh, as well as a proprietary cell phone usage dataset.

Two teams of public health academics and experts, medical doctors, and students examined the health system at the Kumbh Mela. One research group documented the diversity and services of toilet facilities constructed for use during the festival. These toilets range from a simple

corrugated metal or canvas enclosure around a drain pipe channeling liquid waste into the ground, to sophisticated “bio-toilets” that use bacteria to convert solid waste into liquid that is then filtered and leached into the earth. A second team worked closely with the festival’s health administrators, local public health students, and volunteer researchers on a health surveillance study at the Kumbh Mela, which aims to collect daily data on every patient visit at a representative cross-section of Kumbh Mela sector hospitals. The group sought to understand how disease occurrence during the Kumbh Mela might be clustered, and to explore the provision of allopathic health care to the transient population. Specifically, the team hoped to digitize and analyze the data from five hospitals located in densely occupied sectors. Results from the surveillance team could be useful to the Kumbh Mela healthcare providers as it identifies spikes in disease and trends seen in real time.

Data and results were expected to be shared with officials and local health care providers, and could shed light on planning for subsequent religious gatherings. Through the exchange of knowledge between disciplines, the research and development from “Mapping of the Kumbh Mela” project would result in building educational tools and resources pertinent to the study of religion, urban design, business, and global health. The project would also lead to possible solutions to issues such as the design for disaster and medical response, rapid urbanization, management of public goods and services, communication/ connectivity through mobile technology, and health care for large populations inhabiting temporary settlements.

10.7 Data on Travel

The National Sample Survey Organization (NSSO) of India on Travels, etc. has observed that the most common identifiable purpose for both rural and urban areas was “social function” (Table 10.3). Attending such functions (and returning home) necessitated 34 percent of all overnight stay (OS) journeys of the rural population and 30 percent of journeys of the urban population (Table 10.4). By far the highest percentage of pilgrimages among journeys was reported for Tamil Nadu (13-14 percent), followed by Maharashtra and Andhra Pradesh (9-10 percent), with the lowest being from Bihar (1 percent). The national rural average was 5 percent, and the urban average was 7 percent. The average number of persons per journey on OS tours was highest on those to attend social functions (2.4 in urban areas and 2.2 in rural areas) see Table 10.5. Further, 47 percent (94/199) of rural persons and 42 percent (100/238) of urban persons going on pilgrimages were adult males. Also, except for the fact that pilgrimages involved longer journeys (with an average duration more than twice the overall average for the rural sector), the average duration of journeys undertaken for different purposes did not differ substantially.

10.8 Summing Up

It may be argued that religious philosophy strongly impacts inter alia the socioeconomic well-being of the individual and the society. Hinduism is also one such philosophy, essentially teaching holistically to guide such a way of life, in which artha (earning of wealth) is though one of the legitimate aims of ensuring economic well-being in life yet constrained with responsibilities rather than privileges. The foregoing discussion shows that the inherent spirit of the age-old system of Indian philosophy guides religious rituals, festivals, and travels in India. Hindu philosophy is based on certain characteristics since time immemorial such as spiritualism, intimate relationship of philosophy and life, introspective attitude and the introspective approach to reality, idealism in one form or the other, unquestioned and extensive use of reason (but

intuition is accepted as the only method through which the ultimate can be known), acceptance of authority, and overall synthetic tradition in all walks of life. The essential spirit of the philosophy of life emphasizes non-attachment and coexistence. Hindu philosophy teaches economic self-sufficiency with self-discipline also. The core of economic behavior is how to strengthen family and community, individual character, and sensitivity. Age-old Hindu daily rituals and community festivals manifest this amply. There are more than thirty such festivals celebrated within a calendar year in India across regions and communities in addition to various rituals and optional pilgrimages. They impinge upon the socioeconomic well-being of the society also with cultural unification throughout vast and diverse regions of India. We have noted that over the years, some undesirable practices have crept into the system adversely affecting the image of the enshrined precepts. However, the wellset core philosophy continues to positively influence economic life. Nevertheless, it may be argued that these activities do impact positively on the socioeconomic well-being of the society at large. Although, there is no empirical study on the various impacts of religious practices including socioeconomic well-being, yet it may not be far that the day would come soon that this gap would be fulfilled. It is envisioned with the interest shown by the Harvard and Cornell Universities now would give a lead in this direction. Compared to other religion, the quantum of charity and donation may be far less in Hindus, but the extra demand for goods and services generated by much more elaborate and extravagant rituals, festivals and pilgrimage etc compensate for that. They are however instigated by the priests to donate as much as possible to reap the ten-fold fruits in future. Yes, personal capacity decides the quantum, as beyond that it would not be accepted by the God. Charity and donations should provide for the development of capacity and capability of individuals in getting employment which would have inter-generational impact rather than mere feeding them. Feeding should primarily be for disabled, destitute, children and old people. Off and on community feast organized by individuals or organizations may generate feeling of social togetherness, oneness and equity.

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“Explanation II: In sub-Clause (b) of clause (2), the reference to Hindus shall be construed as including a reference to persons professing the Sikh, Jaina or Buddhist religion”

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Table 10.2a Comparative Chart Describing the Infrastructure & Services Being Provided During Kumbh-2001 and 2013 Mela Spread

No. Service/ Infrastructure Unit Kumbh01 Kumbh13

1 Area Hectare 1495.31 1936.56
 2 Sectors No. 11 14
 3 Parking Lots No. 35 99 Police
 1 Police Stations No. 28 30
 2 State Police Personnel No. 9965 12461
 3 PAC No. 35 46
 4 Central Para Military Personnel No. 7 40
 5 CCTV Camera No. 0 85
 6 Variable Signage Board No. 0 30
 7 Fire Station No. 28 30 Public Works Department
 1 Length of Roads Laid Km 96.4 156.2
 2 Pontoon Bridges No. 13 18 Jal Nigam
 1 KLS drinking water supply KLS 56000 80,000*
 2 Length of Pipelines Km 340 550
 3 Connections No. 15430 20000
 4 Active tube wells No. 28 40
 5 OHT in operations No. 2 5 Power
 1 KWh power consumed(Load) KWH 18 Mva 30Mva*
 2 Length of electricity lines Km 565 770
 3 Streetlight Points No. 16865 22000
 4 Private connections No. 69489 130,000*
 5 Substations in operation No. 49 73 (various categories)

Table 10.2b Comparative Chart Describing the Infrastructure and Services Being Provided During Kumbh-2001 and 2013 Mela Spread

No. Service/ Infrastructure Unit Kumbh Kumbh 2001 2013 Health and Sanitation

1 Allopathic hospitals No. 14 14 2 Homeopathy hospitals No. 7 12 3 Ayurvedic hospitals No. 10 12 4 Beds in mela areas No. 360 370 5 Toilets No.
 (1) Individual 20481 35,000* (2) Public toilets
 (3) Sulabh Complex (10 Seaters) 20 340 (4) Trench Pattern 17100 7,500 (Prai-Type) (5) Non-conventional Toilets 0 1,000* Food and Civil Supplies
 1 Ration cards issued No. 127000 200,000* 2 Allotment of Wheat MT 13500 16200 3 Allotment of Rice MT 7800 9600 4 Allotment of Sugar MT 5000 6000 5 Allotment of K Oil KL 11000 13200 6 PDS shops in the mela area No. 107 125 7 Allotment

of milk KL 118 400 8 Milk Distribution shops No. 106 150 in mela area

Roadways

1 Temporary bus stations No. 4 5 2 Buses in operation (Reg.) No. 776 892 3 Buses in operation (Spl) No. 2824 3608 4 Pilgrims
Lac 36.64 90.00* Railways

1 Stations in operation No. 7 7 2 Trains No. 600 750 Irrigation

1 Permanent Ghats No. 0 4 Table 10.3. India: Percent Distribution of Journeys by Purpose Purpose Rural Urban

Business 8.04 10.39 Leisure 8.89 13.75 Pilgrimage 5.37 6.93 Social functions 33.57 30.27 Study 3.16 3.81 Sports 0.16 0.25

Medical 5.11 3.08 Others 35.16 31.50 Not recorded 0.08 0.02 ALL 100 100

Chapter 11

Kautilya on Ethical Anchoring as Systemic Risk Management

Balbir S. Sihag*

11.1 Introduction “When dharma is transgressed, the resulting chaos leads to the extermination of this world.” Kautilya (1992, p.106)

Ancient thinkers in India specified artha (material wellbeing), dharma (ethical conduct), kama (aesthetic pleasures), and moksha (salvation) as the four ends of a virtuous and productive human life. The Rig Veda, which was composed by 414 seers more than four thousand years ago, emphasized ethical values, such as compassion, nonviolence, honesty, truthfulness, freedom from malice, and tolerance.^[1] Similarly, Confucius preached virtue ethics in China; ^[2] that is, virtue ethics was recommended way before the Greek philosophers. Kautilya pointed out that ethics was desirable not only for its own sake but also it had an instrumental value. According to him, moral conduct paved the way not only to heaven but to prosperity. He argued that in the absence of dharma (righteousness, moral order), economic, political, and social systems would collapse.

Kautilya identified several sources of risk but singled out three of them as affecting the whole state. These systemic

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risks were ranked in descending order as: (1) threat of an aggression, (2) fear of moral degradation, and (3) occurrence of famine. Sihag (2011a) presents Kautilya’s approach to the provision of human security and particularly minimization of the threat of a foreign aggression, and Sihag (2010) discusses Kautilya’s preventive and remedial measures related to the handling of famine. Kautilya’s approach to the minimization of the probability of moral degradation is discussed here. He argued that ethical anchoring reduced not only the probability of occurrence of a fundamental disorder, but also made the system more efficient by reducing shirking, other moral hazard problems, and the probability of crimes, which lowered the need for building courts, police stations, and other infrastructure, which implied a decrease in transaction costs. That is, he emphasized character building to eliminate the need for prison building, as he wanted to make the world a more peaceful and enjoyable place in which to live.

Pre-Kautilyan thinkers had identified basic virtues, which they considered essential for establishing a just society and also as a passage to eternal bliss. They understood the essence of a virtue as creating a large positive externality, distinct from any other human excellence. They linked dharma (ethics, good conduct) to justice. Section 2 collects their ideas on the link between dharma and justice. Kautilya knew that in the real world some people were ethical and some unethical, and others were opportunistic. He realized the need to complement the ethics-based approach to justice with a law-based approach to justice. He understood that justice was the

backbone of a society. Justice to him meant preventing the *maatsyanyaaya*, the “law of fish,” that is, protecting the rights of the weak against the strong. In fact, he conceptualized ethics as the foundation, justice as the pillar, and human security as the edifice. This conceptual framework is presented in Section 3. Kautilya could visualize the consequence of the “law of fish,” which he attributed to decay in moral conduct at the societal plane. He argued that decay in moral conduct would lead to a fundamental disorder. He suggested ethical grounding to reduce the probability of moral decline. This is presented in Section 4. The final section contains some concluding observations.

11.2 Ancient Sages on the Link Between Dharma and Justice

“Blessed are the hands, that support the destitute” Talreja (1982, p 164, Rig Veda (6.8.14))

“Earn with hundreds of hands and distribute with thousands” Atharva Veda (3.24.5), Talreja (1982, p.164)

The concept of dharma is very comprehensive and multifaceted. It stands for duty, law, ethics, righteousness, virtue, good deeds, universal love, truth, cosmic order, social harmony, and solidarity. Ancient scriptures, such as the Vedas and the Upanishads in India, emphasized the living of a virtuous life and the performance of good deeds. According to these scriptures, if a person continues to perform good deeds, he would sooner or later attain bliss, a steady state that once achieved is maintained forever (“a place of no return”). If each individual performed good deeds and lived a virtuous life, that would create a just society enjoying peace, and harmony on earth. Dhar (2003, p.112) summarizes the relationship between good deed and its consequence as: “Emphasis has been laid on the deeds and action, ‘Karma which determine the place where one takes rebirth, the place and position which one attains and the cumulative effect of the karmas of successive births.’ The key concept is “cumulative” that an individual could accumulate moral capital just like physical capital. In fact, human capital included both intellectual capital and moral capital.

11.2.1 Three Gates of Hell

Some thinkers claim that Hinduism is not a religion because it does not have a single book such as a Bible or Koran, which has all the codes of conduct (the dos and don'ts). The Gita does try to provide a summary of the various codes of conduct prescribed in various scriptures. Krishna in the Gita says, “Desire, anger and greed this triple gate of hell brings about the ruination of the soul. Therefore, one should, avoid all these three (16.21). Freed from these three gates of hell, man works his own salvation and thereby attains supreme goal i.e. God (16.22).” According to the Gita (and other Indian scriptures), the soul never dies but it takes on different forms (in different lives) depending on the good or bad deeds of a person. Good deeds in the present life lead to a better opportunity in the next life, and if such good deeds were continued in every life ultimately would take the soul to an eternal bliss. On the other hand, bad deeds lead to a reduced opportunity in the next life for emancipation, and if bad deeds were still continued, it would take one to hell.

Ambirajan (1997, p.34) remarks, “Many of the classical Indian writings on ethics, economics, law or philosophy are somewhat like mathematical theorems whose proofs have not been written out.” Following this suggestion, ancient thinkers’ ideas may be expressed algebraically as follows:

$$H = NM^{\alpha} \quad (11.1)$$

$$\Delta M = (G - E) \quad (11.2)$$

Where H = level of happiness, G = good deeds, E = evil deeds, M = moral capital (accumulated net goodness) over various lives and α is positive and could vary from one life to the next. N could vary from Varna to Varna. For example, N could be higher for a Brahmin because he has more flexibility and better opportunity to accumulate goodness, though being knowledgeable, he must observe a stricter regimen than others to remain virtuous. However, if a Brahmin does wrong things, even he could fall to a lower Varna in the next life. The cumulative aspect of good deeds is emphasized although no one could find out how much moral capital one has accumulated and how much more is needed to achieve moksha, thus implicitly urging each person to continue doing good deeds. These moral teachings may also be represented by figure 11.1.

Fig. 11.1 Moral Capital is Represented on the Horizontal Axis, with the Vertical Axis Denoting the level of Happiness

Bliss
M
0 1 2 3 4 5
Moral Capital

It should be clear that there is absolutely no uncertainty in the cause-and-effect relationship. An individual's duty and actions are purpose-oriented, with the purpose being to ensure eventually a permanent residence in heaven by attaining eternal bliss through ridding oneself of the cycle of birth-death-rebirth. Thus, Vedic teachings motivate an individual to lead a good moral life on earth and offer information on what a good moral life is and how to accomplish it. Note, freedom of choice is respected because depending on his or her situation, preferences, and capabilities, an individual could consciously choose a path that could lead either to moksha or to hell.

11.2.2 Dharma-Based Justice

Initial justification of the virtues of truth, non-violence, compassion, and tolerance might have been experience-based but became eternal after their codification. These virtues are humanistic and secular and were not based on any religious or conservative movements. The underlying purpose of dharmic (ethical) values was to create a just, caring, and harmonious society. How do ethical values support justice? Practicing the virtue of non-violence means not harming anyone in thought or deed (which also includes financially), and that would preclude greed and conflict-of-interest situations. The virtues of tolerance, freedom from malice, and truthfulness create trust, cooperation, and harmony. The virtue of compassion encourages sharing and caring. The emphasis was on creating an integrative, fair-minded, and harmonious society.

In such a society, injustices arising from oppression, infringement, subjugation, discrimination, and deprivation would be nonexistent. No one would need to fight for dignity, rights, or liberty as these would be built into the social fabric. Social justice and its components such as economic justice (distributive justice and commutative justice) would prevail in a virtuous society. Also self-discipline acquired through practicing virtues would create a perfect alignment between an individual's needs and the available means to satisfy them.

According to Indian scriptures, a virtue has positive externality but an excellence need not. By uplifting oneself, the person uplifts society as well. "The godly people spread divine virtues on

the earth.” Rig Veda (10–65–11). Each individual pursuing his/her path to heaven in turn creates heaven on earth. According to Mohanty (1999), practice of detached action leads to moksha right here on earth during the current life. He explains, “Leaving that conflict untouched, Krishna advises Arjuna against giving up his duties and the life of action, and insists that true freedom is achieved not by giving up all action (which, in any case, is not possible), but by giving up all attachment to the “fruits” of one’s actions” (298). According to him, “Moksha means minimally (for it may also mean more) freedom from this attachment.”

Another point worth making is that there is no conflict of any kind between the social and individual values since the sources of virtues are the Vedas. ^[3] Stuart Gray (2009, 37-38) notes, “On the Indian side, people weary of maatsyanyaaya triggers a common recognition of a highest good that is, the authority of the Vedas in some form or another, and an appeal to its Truth. In the Indian case, peace and social stability are attained through divine existence and assistance. It is the common recognition of the very thing Hobbes claimed could not be agreed upon which presumably leads to peace in ancient and classical Indian political thought.”

Sandel (2009, 19) identifies welfare, freedom, and virtue as the three approaches to the distribution of goods, such as “income and wealth, duties and rights, powers and opportunities, offices and honors.” If people are virtuous, maximization of the sum of utilities and freedom are assured. That is, these are not alternative approaches to justice in a virtuous society. Jim Holt (2006) asserts, “Aristotle defined virtue as a quality of character that makes for a life well lived. Then he characterized the good life as a life lived in accordance with virtue. Circular? ” However, the Vedic approach to ethics does not involve any such circularity.

Deirdre N. McCloskey (2011, 4) explains, “Honesty, that bourgeois virtue, is justice plus temperance in matters of speech, with a dash of courage and a teaspoon of faithfulness.” She adds, “Courage plus prudence yields enterprise, another bourgeois virtue. Temperance plus prudence yields thrift, said also to be bourgeois. Temperance plus justice yields humility, said to be Christian.” This seems more like a lecture in chemistry than in ethics because it is not obvious how this information enhances our understanding of ethics. Moreover, does anyone care or worry while drinking water that its ingredients are oxygen and hydrogen? Incidentally, a positive third derivative of a utility function indicates prudence while a negative fourth derivative captures temperance, and most of the popular utility functions possess both these characteristics.

The virtue theory approach to character building assumes that an ethical person is predictable and consistent in the application of virtues under all situations. That is, an ethical person is not opportunistic. Second, there is a unity of virtues, that is, if a person has one virtue, he or she is likely to have other virtues also. However, Daniel Lapsley and Darcia Narvaez (2006) cite some studies that question both the assumptions of the virtue ethics approach. These findings if valid simply confirm an absence of an ethical environment that individuals are opportunistic and not virtuous. Kohlberg (1981-1984) criticizes the virtue ethics approach and advances his developmental stages approach. But his approach is very mechanical just like W. W. Rostow’s theory of stages of economic growth.

11.3 Kautilya’s Conceptual Framework on Ethics, Justice, and Security

Kautilya argued that there were four autonomous disciplines: Vedas, Philosophy, Economics,

and Political Science. According to him, philosophy was the queen of all sciences and a highly “privileged knowledge.” He believed that philosophy provided the justification for dharma (ethical values). He stated, “Philosophy is the lamp that illuminates all sciences; it provides the techniques for all action; and it is the pillar, which supports dharma” (1992, p.106). Kautilya did not see the need to repeat the arguments in justifying the claim that philosophy was the pillar that supported dharma.^[4] That is, he did not explore the epistemological inquiries regarding virtues. He suggested studying philosophy for its potential for broadening one’s mental horizon and developing the faculty to reason.

Adam Smith ([1790] 1982, II. ii. 3.4) believed, “Justice, on the contrary, is the main pillar that upholds the whole edifice, if it is removed, the great, the immense fabric of human society must in a moment crumble into atoms.” That is an insightful metaphor, but Kautilya looked not only at the pillar but at the foundations on which the pillar stood, including the architecture of the structure and the potential internal and external threats to its existence. Kautilya’s conceptual framework had four distinct but interconnected features. Table 11.1 presents his conceptual framework.

11.3.1 Kautilya on the Relationship between Justice and Ethics

According to Kautilya, the pillar (justice) itself must be standing on the solid rock of ethics, otherwise it would be unstable and wobbly. Weak ethical grounding was considered the source of injustices. If the roots were not healthy, the tree would bear no fruits, and in due course would wither away. Kautilya (1992, p.141) observed, “A king who flouts the teachings of the Dharamshastras and the Arthashastra, ruins the kingdom by his own injustice (8.2).”

Sen (2009) draws a distinction between realization–focused and ideal arrangement–focused approaches to justice. He questions the usefulness of the arrangement–focused approach and strongly recommends the realization–focused one. However, manifestations of injustices in various forms are a symptom of poor ethical grounding. Sen’s sole emphasis on a realization–focused approach to justice without any ethical anchoring seems like treating the symptoms but leaving the root causes of injustices intact. It is like filling a crack but not fixing the structural flaws, or like putting a Band–Aid on a tubercular wound. A Band–Aid does stop bleeding temporarily, but for long–term good health the fatal disease itself needs to be eliminated.

11.3.2 Kautilya Linked Justice to Personal Security

If a pillar is to provide support, it must be strong, structurally sound, and aesthetically pleasing to enhance the magnificence and integrity of the edifice. Kautilya believed justice was the key to freedom, peace, and prosperity. He understood the link between justice and personal security. His goal was to prevent Maatsyanyaaya (“law of fish”), where matsya means fish and nyaya means standard, rule, axiom, justice, logical argument, and inference. That is, he emphasized that the maxim “might is right” must be replaced by “right is might” so that the weak could get protection vis–à–vis the strong. Kautilya (1992, p.820) wrote, “When there was no order in society and only the law of the jungle prevailed, people [were unhappy and being desirous of order] made Manu, the son of Vivasvat, their king; and they assigned to the king one–sixth part of the grains grown by them, one–tenth of other commodities and money. The king then used these to safeguard the welfare of his subjects. Those who do not pay fines and taxes take on themselves the sins of kings, while kings who do not look after the welfare of the people take on

themselves the sins of their subjects (1.13).”^[5]

Kautilya (1992, p.108) explained, “Some teachers say: ‘Those who seek to maintain order shall always hold ready the threat of punishment. For, there is no better instrument of control than coercion.’ ” Kautilya disagrees (for the following reasons):

A severe king [meting out unjust punishment] is hated by the people he terrorizes while one who is too lenient is held in contempt by his own people. Whoever imposes just and deserved punishment is respected and honored. A well-considered and just punishment makes the people devoted to dharma, artha and kama [righteousness, wealth and enjoyment]. Unjust punishment, whether awarded in greed, anger or ignorance, excites the fury of even [those who have renounced all worldly attachments like] forest recluses and ascetics, not to speak of householders. When, [conversely,] no punishment is awarded through misplaced leniency and no law prevails, then there is only the law of fish [i.e., the law of the jungle]. Unprotected, the small fish will be swallowed up by the big fish. In the presence of a king maintaining just law, the weak can resist the powerful (1.4).

Based on the above paragraphs, Kautilya’s three insights on the link between justice and personal security are noteworthy. First, credit goes to Kautilya for turning maatsyanyaaya into a kind of doctrine. Stuart Gray (2009, 29-30) states, “It is not until later in the Kautilya Arthashastra where the term may become a ‘doctrine’ of sorts, or a ‘canonical’ political principle.” Second, maatsyanyaaya implies a fundamental breakdown of cosmic order and not just of social order. Gray notes, “The reference above to Manu helps highlight the term’s significance in light of the broader cosmogony, cosmology, metaphysics, and ontology: when human beings behave according to the rule of fish, this indicates a fundamental breakdown or disruption of an underlying order and proper ontological distinctions between different beings” (29-30).

Third, according to Kautilya, understanding the link between security and justice was necessary but not sufficient to deliver justice. He suggested establishment of a kingly rule with a sage king at the helm. Gray (2009, 30) elaborates, “Here, the lack of good kingly rule and proper use of punishment further indicate a lack of Vedic knowledge. How else would people know the proper behavior and dharma for a king? Even in the Kautilya Arthashastra one has not moved beyond the relevance of Vedic knowledge and tradition. The traditional canon is crucial for understanding the proper dharma for a king and what can result in a state of araajaka.” Note Araajaka means kingless-ness (absence or lack of governance). Kautilya (1992, p.99) concluded, “The people of a society, whatever their varna or stage of life, will follow their own dharma and pursue with devotion their occupations, if they are protected by the king and the just use of danda [coercion and punishment] (1.4.16).”

The Indian scriptures postulate that social organization conforming to Varna (viz., ability-based fourfold vocational classification) and Ashram (viz., functional role including acquisition of professional knowledge/qualifications and performance, etc. corresponding to age/prowess at various stages of life) was virtuous and secure; the deviant accompanied moral degradation and was likely to lead to anarchy. It was an important duty of the king to ensure the adherence of society to the Varnashram system.

11.3.3 Kautilya on Judicial Fairness

The phrase “just use of danda” is significant. Kautilya suggested determination of a level of punishment that was neither too excessive nor too lenient for administering justice. Sihag (2007d) presents Kautilya’s ideas on administration of justice. A few quotes may be provided to indicate that Kautilya firmly believed in three principles regarding its administration: impartiality, certainty, and proportionality of punishment. Kautilya (1992, p.377) wrote, “A king who observes his duty of protecting his people justly and according to law will go to heaven, whereas one who does not protect them or inflicts unjust punishment will not. It is the power of punishment alone, when exercised impartially in proportion to the guilt, and irrespective of whether the person punished is the King’s son or an enemy, that protects this world and the next. (3.1).”

11.3.4 Kautilya on Provision of Human Security

What would be the purpose of having solid foundations and strong pillars if no superb structure was to be built on them? Kautilya believed that a society should aim at providing human security to every citizen. That is, each person should feel safe and secure and must enjoy a decent standard of living. He argued that it was possible to have both freedom from fear and freedom from wants. He believed that poverty was a living death. He (1992, p.149) suggested, “Hence the king shall be ever active in the management of the economy. The root of wealth is economic activity and lack of it brings material distress. In the absence of fruitful economic activity, both current prosperity and future growth are in danger of destruction. A king can achieve the desired objectives and abundance of riches by undertaking productive economic activity (1.19).”

Kautilya concentrated on developing economic concepts, devising sound economic policies (as indicated above in Table 11.1), ethical and efficient governance, administration of justice, labor theory of property, contracts, and minimization of the probability of external threats. According to Kautilya (1992, p.107): “Duties common to all: Ahimsa [abstaining from injury to all living creatures]; satyam [truthfulness]; cleanliness; freedom from malice; compassion and tolerance (1.13).” His goal was to formulate developmental policies such that these ethical values were not compromised and to develop a law-based justice system to complement the dharma-based justice. He incorporated the content of ethical values, but the questions related to the origin of ethics, etc. were beyond the scope of his Arthashastra.

11.3.5 Kautilya on Protection against Internal and External Threats

Finally, according to Kautilya, a society had to worry about the systemic risk arising from both internal and external sources. A physical structure could be destroyed by external factors, such as an earthquake, or could fall apart due to structural flaws. Similarly, a society was vulnerable to external threat, such as aggression and drought, and to an internal threat, such as moral degradation. History validates Kautilya’s concerns. For example, as to the magnificent temple of Karnak (Egypt) and many other old structures, most of the pillars are still standing (because they were strong and put on solid foundations), yet the edifice has fallen. Similarly, the financial meltdown of 2008 was primarily due to a moral failure. Kautilya suggested preventive measures to reduce the probability of natural and man-made calamities and moral degradation.

11.4 Kautilya on the Role of Ethics as Systemic Risk Management

“This World is Upheld by Dharma” Atharva Veda (12–1– 17)/Talreja (1982, p. 175)

Kautilya believed that practicing ethics had three types of benefits: (1) it was a source of joy; (2) it was conducive to prosperity; and most importantly (3) it was absolutely critical in maintaining the social order. According to Spellman (1964, p.45), the “fear of anarchy was almost pathological” in ancient India. Kautilya focused on elaborating on the dire consequences of a decline in dharma and suggested ethical anchoring to prevent moral degradation. He (1992, pp.107–108) asserted, “For the world, when maintained in accordance with the Vedas, will ever prosper and not perish. Therefore, the king shall never allow the people to swerve from their dharma.” He added, “For, when adharma overwhelms dharma, the King himself will be destroyed.” He provided several examples of many well-stationed individuals including kings how “lust, anger, greed, pride, arrogance and foolhardiness” had caused their demise (180). He also wrote, “[The observance of] one’s own dharma leads to heaven and eternal bliss. When dharma is transgressed, the resulting chaos leads to the extermination of this world” (106).^[6]

Aristotle did not consider the preventive role of ethics. According to Richard Kraut (2010, 27), Aristotle limited the role of virtues only to remedial benefits. He remarks, “What Aristotle has in mind when he makes this complaint is that ethical activities are remedial: they are needed when something has gone wrong, or threatens to do so. Courage, for example, is exercised in war, and war remedies an evil; it is not something we should wish for.”

Kautilya (1992, p.177) summarized his advice to a king as: “Ever victorious and never conquered shall be that Kshatriya, who is nurtured by Brahmins, made prosperous by the counsels of able ministers and has, as his weapons, the precepts of the shastras (1.9.11).”

11.4.1 A Comprehensive Approach to Ethical Anchoring

Kautilya (2000a, 179) believed, “A person with (theoretical) knowledge, but without practical experience, comes to grief in the accomplishment of tasks.” He emphasized ethical education but considered that insufficient for ethical grounding unless followed by a kind of internship under the supervision of elders. In fact, he believed, “Through the association of the good, even one without virtue becomes virtuous” (41). He wanted to make sure that a child (1) received ethical education, and (2) also was provided with an opportunity for its practical application. These are presented in turn.

11.4.1.1 Ethical Education

Kautilya put heavy emphasis on ethical education. He (1992, p.137) believed, “Vices are due to ignorance and indiscipline; an unlearned man does not perceive the injurious consequences of his vices (8.3).” Interestingly, education was not subsidized as such but he suggested to the king to reward those who educated themselves, particularly in the Vedas. He (179) wrote, “He

shall grant land to Brahmins [of different categories]:°U teachers,

purohitas, experts in the Vedas and those who officiate at ritual sacrifices. Such land shall be exempt from fines and taxes and be transferable to heirs (2.1).” He suggested teaching ethics along with other subjects and skills. “There can be no greater crime or sin,” says Kautilya, (1992, pp.155–56), than making wicked impressions on an innocent mind. Just as a clean object is

stained with whatever is smeared on it, so a prince, with a fresh mind, understands as the truth whatever is taught to him. Therefore, a prince should be taught what is dharma and artha, not what is unrighteous and materially harmful (1.17).”^[7] Kautilya discussed four functions of education: learning relevant historical facts (i.e., providing information), mastering useful skills (knowledge), increasing cognitive abilities, and improving self-control over destructive emotions such as “anger, lust, greed, conceit, arrogance and foolhardiness.” Thus, Kautilya included not only the three often-stated roles of schooling but added a fourth one that helped in developing the ability to control emotions; that is, he emphasized that schooling developed the ability to draw inferences and promoted self-discipline.

Kautilya (1992, p.144) claimed, “The sole aim of all branches of knowledge is to inculcate restraint over the senses (1.6.3). Self-control, which is the basis of knowledge and discipline, is acquired by giving up lust, anger, greed, conceit, arrogance and foolhardiness. Living in accordance with the shastras means avoiding over-indulgence in all pleasures of [the senses, i.e.,] hearing, touch, sight, taste and smell (1.6.1, 2).” He even described the process of learning. He stated, “Learning imparts discipline only to those who have the following mental faculties: °Uobedience to a teacher, desire and ability to learn, capacity to retain what is learnt, understanding what is learnt, reflecting on it, and [finally] ability to make inferences by deliberating on the knowledge acquired. Those who are devoid of such mental faculties are not benefited [by any amount of training] (1.5) ” (142). He added, “For, a [trained] intellect is the result of learning [by hearing]; from intellect ensues yoga [successful application]; from yoga comes self-possession. This is what is meant by efficiency in acquiring knowledge (1.5) ” (143).

According to V. Nagarajan (1992, Book 2 152), Kautilya was an empiricist. Kautilya’s description of the mind of a child as: “Just as a clean object” is almost identical to Locke’s expression of it as a “white paper,” suggesting that Kautilya was an empiricist. This view gets further strengthened because Kautilya did not believe in fate. It is apparent from the sentence “those who are devoid of such mental faculties are not benefited [by any amount of training] ” that Kautilya believed in innate abilities. However, he did not attribute these innate abilities to the grace of God.^[8] It may also be noted that according to Kautilya, a person’s innate abilities and his desire to learn were complementary, and education could also serve as a “signal.”

Kautilya (1992, p.144) observed, “A king who has no selfcontrol and gives himself up to excessive indulgence in pleasures will soon perish, even if he is the ruler of all four corners of the earth.” Kautilya believed in achieving a proper balance between spiritual well-being and material well-being. According to him, ethical values had an instrumental as well as an intrinsic value.

11.4.1.2 Internship under the Supervision of Elders

According to Kautilya, ethical education in early childhood must be followed by a sort of internship during teenage years. He (1992, p.143) wrote, “With a view to improving his selfdiscipline, he should always associate with learned elders, for in them alone has discipline its firm roots (1.5).”^[9] The phrase “learned elders, for in them alone has discipline its firm roots” indicates that self-discipline improved with practice, and by keeping company of disciplined individuals. That is, ethical environment encouraged young adults to practice virtues. Kautilya emphasized both the learning and practicing of virtues. His implicit model may be captured by

the following explicit model.

$$EU = U^0[Y^0 - E - C] + P[E, R(E, C), A(E, C)] U^1[Y^1(E) - L] + [1 - P[E, R(E, C), A(E, C)]] U^2[Y^1(E)] \quad (11.3)$$

Differentiating with respect to E and C, we get: $U_0^1 = (P_1 + P_2 R_1 + P_3 A_1) \{U_1[Y^1(E) - L] - U_2[Y^1(E)]\} + \{P U_{11}(Y^1) + (1 - P) U_{21}(Y^1)\}$ (11.4) $U_0^1 = (P_2 R_2 + P_3 A_2) P^2 \{U_1[Y^1(E) - L] - U_2[Y^1(E)]\}$ (11.5)

L = loss if there is a meltdown; E = resources devoted to ethical anchoring, which helps in reducing the probability of systemic risk and both civil and criminal violations; C = resources devoted to formal rules and regulations, criminal and civil codes, and expenses on compliance (courts, police, prisons, opportunistic costs etc.); A = regulatory arbitrage; P = probability of a meltdown; and $Y(E) = GDP$.

$P_1 = \partial P / \partial E < 0$ indicating that ethical anchoring helps in reducing the probability of a meltdown. $P_2 = \partial P / \partial R < 0$, rules and regulations and their implementation through courts, police prisons, etc. are supposed to reduce the probability of a meltdown. $P_3 = \partial P / \partial A > 0$, private sector's efforts to devote resources to search for regulatory arbitrage is likely to increase the probability of a meltdown. $R_1 = \partial R / \partial E > 0$, ethical anchoring is expected to make the formulation and implementation of rules and regulations more effective. $R_2 = \partial R / \partial C > 0$, devoting more resources to legal measures is expected to make them more effective. $A_1 = \partial A / \partial E < 0$, ethical grounding most likely will reduce the resources devoted to regulatory arbitrage. $A_2 = \partial A / \partial C > 0$, private sector would devote more resources to regulatory arbitrage as the public sector increases its expenditure on legal measures.

In equation (11.4) the first expression within the brackets captures the reduction in the probability of a meltdown through ethical anchoring. The first term P_1 indicates the direct impact of ethical anchoring. There are two sources of the indirect effect of ethical anchoring. First, better laws are enacted and their implementation also is more effective. $P_2 R_1 < 0$ captures this indirect effect of ethical anchoring. Second, an ethical environment also influences the business community. It devotes smaller amount of resources to regulatory arbitrage and on lobbying, that is, $P_3 A_1 < 0$.

11.4.2 Character Building versus Prison Building

Ethical education opens up new opportunities and teaches selfdiscipline, which helps in controlling destructive emotions and reduces shirking and other moral hazard problems. A reduction in probability of crimes should lower the need for building prisons, courts, police stations, and other infrastructure, that is, it reduces transactions costs and anxiety. These benefits of ethical education are summed up by $Y_{11} = \partial Y / \partial E > 0$

Ethical education in schools has been nonexistent in almost all the constitutional democracies. Governments attempt to reduce the probability of a meltdown by enacting various kinds of rules and regulations. Equation (11.5) captures this situation, because resources devoted to legal measures are likely to reduce the probability of a meltdown. So the first term (on the right-hand side) in equation (11.5) is $P_2 R_2 < 0$. However, in the absence of any ethical anchoring, the private sector is likely to devote more resources toward searching and exploiting regulatory

arbitrage, and as a result $P_3 A_2 > 0$. That means the first expression ($P_2 R_2 + P_3 A_2$) in equation (11.5) may be $= 0$; that is, no amount of rules and regulation would prevent a meltdown. In the absence of ethical anchoring, compliance declines over time, and an increasing number of loopholes are discovered. Moreover, if a contract cannot be complete when only two parties are involved, a constitution, which involves many parties, would not be complete either. That means that at every level (legislators, bureaucrats, and judges) there is likely to be a large scope for less-than-desirable conduct.

Clearly an ounce of ethics may be better than a ton of rules and regulations. Note, someone searching for and exploiting legal loopholes may more appropriately be called a termite. According to Kautilya, the reasoning faculty of a person would be the very first casualty of greed. He (2000a, p.46) observed, "Greed clouds the mind." A greedy person loses the faculty for reasoning and is unable to comprehend the consequences of his or her actions. The media could have programs on ethics. A reduction in probability means a saving in cost of transgressions caused to the victims, court expenses, prison construction, time lost, and loss of happiness. A lower probability of crime means less anxiety and freedom of movement.

11.5 Concluding Observations

In the Vedic period the virtues of charity and truth were honored, and the expectation of a residence in haven was more than a moral desert. Activities and practices that had positive externalities were honored. Special skills in doing certain activities were rewarded by the market or by the king. Intellectual capital without moral capital was considered blind because it was the moral capital that gave it direction. Kautilya's contribution is unique in recognizing that prevention of systemic risk requires prevention of moral decay. According to him, virtues have large positive externalities implying that an individual may not invest an optimum amount of effort in getting adequate ethical anchoring. Kautilya recommended teaching secular virtues and requiring completion of an internship program. Such secular requirements are compatible with the separation of religion and state. Along with God, unfortunately, ethical education also got bumped out of the school curricula. Value-free education has created disciplinary problems, bullying, and violence in schools, and has essentially erected a wall, generally known as Wall Street, between business and ethics. One may ask: in what way is higher education really higher?

Kautilya associated justice with protecting the weaker segments of the population. He essentially linked justice to personal security. Despite Kautilya's monumental contributions, Sen (2009, p.91) asserts, "Discussions about ethics and politics are not new. Aristotle wrote on these subjects in the fourth century BC with great reach and clarity, particularly in *Nicomachean Ethics and Politics*; his contemporary Kautilya in India wrote on them with a rather more rigidly institutional approach in his famous treatise on political economy, *Arthashastra*."^[10] Even if one ignores the possibility that whatever Aristotle wrote, he wrote it sitting on the shoulders of slaves, apparently the only clarity he had was to keep slavery intact. Clarity requires logical consistency. As Sandel (2009, p.201) comments, "Aristotle's own theory of justice provides ample resources for a critique of his own views on slavery." That is, if Aristotle had followed his own reasoning, he would have rejected slavery. Such a tragic and glaring inconsistency does not bode well for either clarity or great reach.

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Notes

[1] The Vedas, which were composed more than four thousand years ago, emphasized charity, truth, honesty, love, harmony, nonviolence, and self-discipline. A few quotes supporting this claim are provided below.

Controlling Greed :

“Do not covet the wealth of others.” Yajur Veda (40–1) Charity :

“He who hoards provisions in vain

And does not feed his elders and companions, Is inhuman, unkind and stingy,

Verily he brings his own destruction.

He who eats alone

Is a great sinner.” Rig Veda (10–117–6).

Truth:

“The earth is sustained through truth.” Atharva Veda (14–1–1)

“He who performs selfless action

Accompanied by auspicious words

Full of truth, joy and sweetness

In the atmosphere of mutual-co-operation

Reaches the goal.” Yajur Veda (3–47)

Nonviolence :

“O enlightened men,

We neither harm any one

Nor impose ourselves on others,

We act in accordance with

Vedic doctrines and ideals,

We co-exist and Co-operate in life

With akins as well as aliens

To render good to all.” Rig Veda (10–134–7) Truth and Benevolence :

“They follow eternal law

Preach and practice truth

Extend helping hand to all

Act as unique guide and guardian

Bounteous, benevolent, broad-minded

And savior from sins.” Rig Veda (5–67–4)

“I bless you to be free from malice

To live with concord and unanimity

Love one another as cow loves

its new-born calf.” Atharva Veda (3–30–1)

“May we not hate any one.” Atharva Veda (12–1–24) Human Dignity :

“He who sees all beings

In his own self

And finds the reflection

Of his own self

In all beings

Never looks down upon anybody.” Yajur Veda (40–6) Self-discipline :

“Do not tread the path of

Rajo (sensuous) and Tamo (destructive) impulses And thus thou wilt be free

From agonies and afflictions.” Atharva Veda (8–2–1)

[2] Confucius: “To practice five things under all circumstances constitutes perfect virtue; these five are gravity, generosity of soul, sincerity, earnestness, and kindness.”

[3] Tension between Social Conscious and Moral Conscious : Sugden (2002) observes, “I think there is a fundamental tension here between Smith the social theorist, looking for a naturalistic explanation of actual human sentiments, and Smith the moralist, committed to the virtues of benevolence, justice and self-command. The moralist in Smith would like to be able to claim that, for all of us, the judgments of the impartial spectators in our respective breasts are the same, irrespective of the experiences to which we have been exposed; but as a social theorist, he explains the impartial spectator as a construct that each of us makes from his own experience. In looking for a coherent reading of Smith, we may sometimes have to choose whether to give priority to his social theory or to his morality, to his assumptions or to his conclusions.”

[4] Interestingly, Adam Smith intended to show that philosophy was the pillar of ethics but could not do so. As Raphael (2007, pp.71–72) comments, “Smith gives us a full and clear account of the content of virtue, that is, the cardinal virtues and the relation between them, but fails to provide an enlightening explanation of the concept itself, as he does with the topic of moral judgement. Such an explanation would show how the concept of moral virtue arises and how it distinguishes moral excellence from other forms of human excellence.” Perhaps, the Greek philosophers also did not provide such an explanation and therefore, Adam Smith could not borrow it from them.

Rowe (2003, p.123) states, “How should a man live, in order to achieve eudaimonia ? ” He continues, “Socrates’ own answer, which is echoed by nearly everyone else in the Greek tradition, gives pride of place to arête. If arête were equivalent to ‘virtue,’ this could be taken as a simple assertion that the good life is, necessarily, a good moral life.” He states, “But if fine or right actions matter to us, how do we come to know what fine and right actions are? ” (127). He adds, “Socrates seems to claim neither to know himself how to give a proper account of this thing, arête, which he values so highly, nor to be able to find anyone else who knows about it.”

[5] Stuart Gray (2009, p.24) indicates, “In the Vedic context, kingly rule can be seen as stewardship because kings possess a categorical responsibility to human beings as interconnected and primordially related.”

[6] Daniel K. Lapsley and Darcia Narvaez (2006, p.39) remark, “Certainly the life that is good for one to live requires avoidance of significant risk behavior, and so character education embraces the science of prevention as a prophylaxis against risks—and-deficits.”

[7] According to Smith, a child develops self-command of his/her own. He (TMS III.22, p. 145) wrote, “When it is old enough to go to school, or to mix with its equals, it soon finds that they have no such indulgent partiality. It naturally wishes to gain their favour, and to avoid their

hatred or contempt. Regard even to its own safety teaches it to do so; and it soon finds that it can do so in no other way than by moderating, not only its anger, but all its other passions, to the degree which its play-fellows and companions are likely to be pleased with. It thus enters into the great school of self-command, it studies to be more and more master of itself, and begins to exercise over its own feelings a discipline which the practice of the longest life is very seldom sufficient to bring to complete perfection.”

[8] Nowadays, as pointed out by Matthews (2010), there is a philosophical debate as to: What is a child? How has the concept of childhood changed over the centuries? He mentions that according to Aristotle, “a human child is an immature specimen of the organism type, human.” He adds, “John Locke, by contrast, maintains that the human mind begins as a ‘white paper,’ void of all characters, without any ideas (Locke, EHC, 121). On this view all the ‘materials of reason and knowledge’ comes from experience. Locke’s denial of the doctrine of innate ideas was, no doubt, directed specifically at Descartes and the Cartesians. But it also implies a rejection of the Platonic doctrine that learning is a recollection of previously known forms. Few theorists of cognitive development today find either the extreme empiricism of Locke or the strong innatism of Plato or Descartes completely acceptable” (3–4).

[9] Similarly, Confucius remarked, “To see and listen to the wicked is already the beginning of wickedness.” www.brainyquote.com/quotes/authors/c/confucius.html.

[10] Unbiased observations by noted scholars on Kautilya. Basham (1959, p.9) observes, “India was a cheerful land, whose people, each finding a niche in a complex and slowly evolving social system, reached a higher level of kindness and gentleness in their mutual relationships than any other nation of antiquity.” He (p. 153) states, “The humane regulations of the Arthashastra, probably unique in the records of any ancient civilization, are perhaps survivals of Mauryan laws, and it is therefore not surprising that Megasthenes declared that there was no slavery in India.”

Similarly, Drekmeier (1962, p.76) notes, “Now the king must concern himself directly with the common good, an idea anticipated in the Arthashastra.” He (p 201) asserts, “There can never be a thoroughgoing divorce of politics and ethics for Kautilya; he never denies that the ultimate purpose of the state is a moral purpose, the maintenance of dharma.” He (p 202) adds, “For all his commitment to a philosophy of opportunism and force, Kautilya would not have limited might to mere physical mastery. Such may be the primary obligation of warrior and even king, but the ultimate power is spiritual.”

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PART 2

Chapters with a Primary Focus on Recent History

. . Chapter 12

India Growth: The Untold Story—Caste as Social Capital

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12.1 Introduction

The Indian economy has been growing at a compounded average growth rate (CAGR) of more than 8.5 percent in the last five years (National Accounts Statistics 2011). The largest segment of the economy, namely the service sector accounting for nearly 65 percent, is also the fastest-growing sector. We find that the share of the non-corporate sector, namely partnership/proprietorship firms in the service sector, is significant: it is more than 70 percent in activities such as trade, hotels and restaurants, transport, and other areas such as plumbing, carpentry, painting, masonry, priesthood, etc. Domestic savings have been the primary source of funding of this growth. They constitute nearly 90 percent, while the role of Foreign Institutional Investments (FII) and Foreign Direct investments

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(FDI) has never been more than 10 percent Of this domestic savings, the role of household savings is phenomenal; it constitutes nearly 75 percent of domestic savings. Hence the growth is due to households in the service sector facilitated by selffinancing or financing by extended families/communities. Different castes/communities have played an important role in this growth in terms of capital formation, market access, risk mitigation, diversification, etc.

12.2 The Share and Growth of the Service Sector

We have set forth in Table 12.1 the share of different sectors in the economy, finding that the services sector constitutes about 65 percent of the economy in the period 2009–10. It has grown from 60 percent to 63 percent while agriculture has declined from 19 percent to 18 percent. The share of manufacturing and electricity has also shown a decline

Table 12.1 Share of Gross Domestic Product [GDP] [%]
Category Period

2004–05	2009–2010	Agriculture and Forestry, Fishing	19.0	17.8
		Mining, Manufacturing, Electricity	20.3	18.8
		Services	60.7	63.4
		Total	100	100

Note : 1. At constant prices. 2. We have included construction as part of Services.

Source: Statement 11.1, p. 16, National Accounts Statistics [NAS]–2011, Central Statistical Organization [CSO], G.O.I New Delhi.

The role of the non-corporate sector is very significant in the seven service activities, namely (1)

construction, (2) trade, (3) hotels and restaurants, (4) non-railway transport, (5) storage, (6) real estate ownership of dwellings and business services, and (7) other services. We have provided in Table 12.2 the share of the non-corporate sector in these seven activities. We find that the share of the non-corporate sector, consisting mainly of proprietorships and partnership firms, is more than 80 percent in trade (wholesale and retail) hotels and restaurants, and business services. It is around 80 percent in non-railway transport and around 60 percent in construction.

Table 12.2 Share of non-corporate sector in
Net Domestic Product [NDP] of Service Activities [%]
Category Period

1993–94	2008–2009
Construction	51.1 55.9
Trade, Hotels and Restaurant	88.8 74.1
Non-Railway Transport	68.9 82.4
Real Estate, Business Services	94.2 69.0
Other Services	34.3 41.1

Source: Statement 76.1, p. 184, National Accounts Statistics [NAS]–2010, Central Statistical Organization [CSO], GOI, New Delhi.

Unlike the developed countries, the likes of WalMart, Sears, or Marks and Spencer in retail trade; Greyhound or Federal Express in transportation; and McDonalds, Burger King, and Pizza Hut in restaurants, are not as yet the order of the day in India. The size of the non-corporate sector in service activities and the phenomenal growth rates achieved in the 1990s and in this decade needs recognition. In a sense, the Indian Economy can be called a partnership and proprietorship economy.

We have provided in Table 12.3 the real growth rate of service sector activities between the periods 2004–05 and 2009–10, and we find that all of them have grown above the national income growth rate of 8.44 percent during the period. Hotels and restaurants has grown by 8.1 percent, and trade has grown at 9.0 percent, with non-railway transport around 7.6 percent. We find that the non-corporate sector has a large share and also substantial growth rate in the last decade.

We find that nearly 60 percent of our economy is in the noncorporate sector, consisting of partnership and proprietorship firms. Contrast this with the U.S. economy, which has a corporate sector having more than a 75 percent share in the U.S. GDP in 2010 (Bureau of Economic Analysis 2010).

The non-corporate sector consists of tiny, small, and medium enterprises, and it is characterized by partnerships and proprietorship—organizations of self-employed. They are primarily held by families including extended families and the role of caste/community in promoting, organizing, financing, and marketing is very important. We first find out about communitywise ownership of the Indian Economy.

12.3 Savings Rate and Households in the Economy

The substantial growth in the national income achieved in the 1980s and '90s is due to the increased savings rate in our economy, particularly the savings rate of the household sector. We have provided in Table 12.4 and Table 12.5 the share of the household sector in savings in our

economy. Observe that our savings rate has gone up phenomenally from around 15 percent to 35 percent between the 1970s and 2009–10. Around 70 percent of savings in the country are due to the household sector that consists of pure consuming (wage-earning) households as well as non-corporate (mixed-income households). A portion of the savings is due to farm households, details of which are not separately available.

Not only do household savings constitute a large portion of our domestic savings, but also note that the role of foreign financing is relatively small. We have provided in Table 12.6 the relative shares of domestic savings and foreign flows.

The Indian growth story is by now well-known wherein the economy has been growing at a CAGR of more than 8 percent in the last decade. A substantial portion of the economy (more than 60 percent) is service activities, which are growing at more than 9 percent. The service sector consists of construction, trade, hotels and restaurants, transport, and other types of business and professional services. More than 80 percent of the service activities are carried on by non-corporate forms of organizations, namely partnerships and proprietorships. Most of these are run by families and pertain to the self-employed categories.

We find that Indian growth is propelled by domestic savings, of which more than 70 percent comes from household savings. The role of households both in value addition and in savings is significant. We will further explore the nature of the growth of these self-employment partnership and proprietorships to find that the growth has come about due to caste/community relationships in capital formation, risk sharing, market information, etc.

12.4 The Role of OBCs/SC/ST in Enterprises

We have the exhaustive Economic Census 1998 and 2005, conducted by the Central Statistical Organization (CSO), which covers 30.35 million and 41.83 million enterprises engaged in different economic activities other than crop production and plantation. It deals with own-account enterprises as well as establishments, an enterprise run by employing at least one hired worker. It covers private profit and nonprofit institutions, cooperatives, and all economic activities, including Dharamshalas /temples. We have provided in Table 12.7 and Table 12.8 the salient findings pertaining to ownership of the enterprises. We find that in 1998 more than 50 percent of all enterprises are owned by SC/ST/OBCs (Scheduled Castes, Scheduled Tribes, Other Backward Castes) (see note below) in the rural areas, and the same is around 45 percent in total. In 2005 the percentages are 55 for rural and 50 for total. This encompasses manufacturing, construction, trade, hotel, restaurant, transport, finance, and business and other services.

The Enterprise survey also reveals that 90 percent were found to be self-financing, much of which has to have come from informal caste networks (Kanagasabapathi 2010, 184). The number of establishments financed by financial and nonfinancial institutions was only 4 percent. The remaining were financed by voluntary organizations, government, etc. What is required to be debated is the enhancement of credit systems for the enterprises, and more so for those owned by SC/ST and other backward communities. In other words the focus should be on “Vaishya^a^Tvaisation” (everybody becoming entrepreneurs) of the large segments of our civil society.

12.5 Was there Discrimination in Education?

The renowned Gandhian, Dharampal, visited British and Indian archives and reproduced reports that were undertaken by the British in Madras, Punjab, and the Bengal Presidency for the period 1800 to 1830. According to a detailed survey done during 1822–25 in the Madras Presidency (i.e., the present Tamil Nadu, the major part of the present Andhra Pradesh, and some districts of the Present Karnataka, Kerala, and Orissa) that 11,575 schools and 1094 colleges were still in existence in the Presidency, and that the number of students in them were 1, 57,195, and 5431 respectively (Dharampal 2000). Much more important in view of our current debates and assumptions is the unexpected and important information provided with regard to the broad caste composition of the students in these institutions. We have provided the data in Table 12.9. We find that the position as early as the first part of nineteenth century was significantly in favor of the backward castes as far as secular education was concerned.

Hence the British inspired propaganda that education was not available to the so-called backward castes prior to their efforts is not valid. “Secular” education was always a major tool in social transformation prior to British rule.

Hence the foundations of modern education were very much present even in the beginning of the 19th century, and this has facilitated growth of entrepreneurship in the later period.

12.6 Social Capital

Sociologists emphasize that a nation can be maintained successfully only when people are able to live with each other as groups. The French sociologist Durkheim (1997) had earlier noted, “A nation can be maintained only if between the state and the individual there is interposed a whole series of secondary groups near enough to the individuals to attract them strongly in their sphere of action and drag them, in this way, into the general torrent of social life . . . Occupational groups are suited to fill this role, and that is their identity . . . community orientation creates trust among the members of the society”.

Fukuyama (1996) notes that trust has an economic value. He says “the ability to associate depends, in turn on the degree to which communities share norms and values and are able to subordinate individual interests to those of larger groups. Out of such shared values comes trust and trust as we will see has a large and measurable economic Value and trust results in social capital”. Aiyar (May 2000) defines social capital in the following way:

From time immemorial groups of people have created strong communities based on commonly observed rules and mutual selfhelp. These social links discourage deviant behavior through ostracism and other social penalties, create a climate of trust in which agreements are honored and grievances redressed and facilitates collective action against threats from outsiders and risks from natural disasters. This defines social capital. Unlike financial or human capital it cannot be owned by individuals only by social groups. Being less tangible than financial or human capital it is difficult to measure and so has been ignored in the past. Yet it is an invaluable asset.

He also stresses the significance of social capital for the economic development of nations. He says:

But neither human nor financial capital can adequately explain why some nations succeed and others fail. A third element called social capital has long been emphasized by sociologists and is now increasingly recognized by economists. Sociologists like Robert Putnam have demonstrated

that enormous economic benefits flow from social capital. Contrasting the huge economic success of northern Italy with the relative failure of the southern part, he finds that the mafias have eroded social capital and hence stalled economic development in the south. High levels of trust greatly reduce risks and costs and so encourage enterprises and innovation while reducing the costs of redress. So social capital ultimately translates into financial capital (Aiyar June 2000) Gurucharan Das, the corporate chief turned author and analyst, says:

In the nineteenth century, British colonialists used to blame our caste system for everything wrong in India. Now I have a different perspective. Instead of morally judging caste, I seek to understand its impact on competitiveness. I have come to believe that being endowed with commercial castes is a source of advantage in the global economy. Bania traders know how to accumulate and manage capital. They have financial resources and more important, financial acumen. They have an austere lifestyle and the propensity to take calculated risks. They have proven their flexibility of mind as they graduated from trading to industry. These constitute significant strengths. Joel Kotkin demonstrates these strengths in the case of Palanpur Jains, who have used their castes and family networks in wresting half the global markets for uncut diamonds from the Jews. (2002, 150)

12.7 Role of Caste: An Illustration

The World Bank suggests that the remarkable growth of Tirupur (Tamil Nadu) is due to the coordinated efforts of Gounders, with many of them not even matriculates:

Since 1985 Tirupur has become a hotbed of economic activity in the production of knitted garments. By the 1990s, with high growth rates of exports, Tirupur was a world leader in the knitted garment industry. The success of this industry is striking. This is particularly so as the production of knitted garments is capital-intensive, and the state banking monopoly had been ineffective at targeting capital funds to efficient entrepreneurs, especially at the levels necessary to sustain Tirupur's high growth rates.

What is behind this story of development? The needed capital was raised within the Gounder community, a caste relegated to the land-based activities, relying on community and family network. Those with capital in the Gounder community transfer it to others in the community through long-established informal credit institutions and rotating savings and credit associations. These networks were viewed as more reliable in transmitting information and enforcing contracts than the banking and legal systems that offered weak protection of creditor rights. (2002, 175).

The amount of networking and contract enforcement mechanisms available with caste institutions is not fully appreciated. The same is true regarding the Nadar community in the Virudhunagar area pertaining to the matches and printing industry.

12.8 Clusters and Caste

Clusters occupy a significant place in the economic scene in India. They play a crucial role in the development of Indian businesses. Their contributions to national income, employment, exports, and innovation is very significant. The United Nations Industrial Development organization (UNIDO) had noted that in India, "it is estimated that there are approximately 350 small scale industrial clusters and around 2000 rural and artisan based clusters contributing almost 60 percent of the manufacturing exports and 40 percent of the employment in the manufacturing

industry” (Russo 1999). The ministry of small-scale industries in the government of India has estimated that there are 2042 clusters, of which 1223 are in the registered sector in 26 states and another 819 in the unregistered sectors in 25 states/union territories. They constitute significant portions of output, employment, and exports in different states (Third All India Census of Small Scale Industries, 2004). Actually the study of several clusters spread across several regions of the country points to the role of community in the emerging entrepreneurial development (Kanagasabapathi 2010, 176–89).

The clusters are promoted and run by ordinary persons—most of whom are first-generation entrepreneurs. The Sankagiri transport cluster of Tamil Nadu has the second largest lorry traffic in the country. Before becoming cluster entrepreneurs, more than 80 percent were drivers and cleaners. Similarly in the knitwear industry in Tirupur (Gounders), more than 90 percent were from agricultural backgrounds. The descendants of farmers from Palanpur and Kathiawar have created the diamond hub in Surat, which provides employment to large numbers in Antwerp and New York. The clusters have entrepreneurs with less formal education and more practical knowledge. There are studies to show that Tirupur Gounders (knitwear exporters) or Sivakasi Nadars (matches/crackers and printing) mostly have less than a high school education but significant shop floor experience. This experience is gained in the units run by other family or community members (Kanagasabapathi 2010, 176–89). Hence the community becomes a crucible for gaining practical knowledge.

Entrepreneurs build clusters, as is seen by Morvi clocks and Surat diamonds. Jamnagar brassware is another example. Actually clusters are not an anonymous group of individual entrepreneurs but interconnected extended families/caste and communities.

The important aspect of clusters are that they are a relationship-based business rather than rule-based. They are also not state dependent but self-funded and developed. Once the clusters develop, the entrepreneurs establish schools, colleges, and other common facilities such as marriage halls that are required for their communities. In almost all the clusters one could notice educational institutions established by the local communities. Clusters develop as full-fledged centers of economic and social /religious activities.

Another important characteristic is the generation of funds and mobilization of resources from close and local sources; as we already saw a significant portion of economic activity is self-financed or funded by extended families/community net-works.

This also facilitates dealing with failures due to risk taking. Actually there is risk sharing and failure is not looked down upon. The extended family/community extends its help in the context of distress or failures, and this acts as a major cushion in the undertaking of risky activities such as exploring newer markets or innovating new product lines. Clusters act as drivers of economic activities facilitated by family, extended family, and caste networks.

Of course a large amount of literature is available on Marwaris, Sindhis, Katchis, Bhoras, Patels, etc. and the nature of the global networks some of them have created. In a financial sense, caste provides the edge in being a risk taker because failure is recognized and condoned and sometimes encouraged by the group. The clusters are an alternative to creating a large number of “proletariat” in the fashion of 19th-century models. For that we need to recognize caste as the

natural social capital present in the Hindu system.

Incidentally, one of the arguments given regards enhancing the “social status” of these segments. Social backwardness, it is pointed out, is a valid reason for caste-based reservations compared to reservations based on, say, economic criteria. But as M. N. Srinivas, the doyen of sociologists, points out, “An important feature of social mobility in modern India is the manner in which the successful members of the backward castes work consistently for improving the economic and social condition of their caste fellows. This is due to the sense of identification with one’s own caste, and also a realization that caste mobility is essential for individual or familial mobility” (2005, 196–97).

It is also assumed that caste is a rigid hierarchical system that is oppressive. But it is pointed out by the renowned sociologist Dr. Dipankar Gupta that “In fact, it is more realistic to say that there are probably as many hierarchies as there are castes in India. To believe that there is a single caste order to which every caste, from Brahman to untouchable, acquiesce ideologically, is a gross misreading of facts on the ground. The truth is that no caste, howsoever lowly placed it may be, accepts social status as the reason for its degradation” (2000, 1).

12.9 Caste and the New Capitalists

In his pioneering work on new capitalists and Caste, Harish Damodaran elaborates on the emerging trends of new businesses and castes (2008, 313). He delineates three general trajectories of industrial transition by communities. “To further elaborate— The first is the conventional Bazaar-to-Factory route involving the various Bania and Vaishya groups. The second from office to Factory, referred to the Brahmins, Khattris, Kayasthas, The Bengali bhadralog, and other scribal castes with a distinct urban middle class orientation. These sections traditionally dominated the bureaucracy and white collar professions and their entry into business was essentially a post-independence development. The third pathway; from field to factory covering those communities classified as belonging to other backward castes [OBC’s] like the kammias, Reddy, Gounders, Jats, Patidars, Marathas, Nadars, Ramgarihas, who can be classified as “rural middle class” whose political; social and economic empowerment was one of the epochal features of last century. Their journey into corporate boardrooms howsoever uneven across regions paralleled a similar transition achieved by the urban scribal castes. Both these urban- and rural middle class-led trajectories have undermined the time honored association of “business communities” with an exclusive Vaishya [Bania] order.”

The recent studies by reporters of Mint (2010) bring out the issue of caste facilitating the emergence of newer businesses in different locations of the country. The role of extended families and caste has been recognized in the upward mobility of middle castes in commerce and business

12.10 Dalits’ Entrepreneurship

We also find that low-caste individuals known as Dalits are increasingly getting into businesses and entrepreneurship. The Dalit Indian Chamber of Commerce and Industry (DICC) is playing an important role in this (DICC 2010). Dalits are Scheduled Castes (listed under a schedule of the Indian constitution to provide for constitutional safeguards in education and employment) who were previously considered as “untouchables” in the social hierarchy. The members of

DICCI were consulted by the planning commission recently as part of the prebudget consultation. This marks the emergence of a nascent trend in India of enterprising dalits choosing to create independent businesses instead of depending on quotas in government jobs to get ahead.

Some Dalits have built impressive empires; examples are Kalpana Saroj, who heads Kamani Tubes with an estimated turnover of 100 crore, and Gujarat Pickers is one of the country's largest polymer distributors. The delegation was led by Milind Kamble, who saw the invitation from the Plan panel as an acknowledgement that Dalit entrepreneurs are making their presence felt in Indian business circles. "It's a great day for us that the government wants to hear our expectations from the union budget," he said. "We want the government to formulate a policy to help Dalit businesses to grow so that we get out of the reservation trap. But there's more to the Delhi visit than a meeting with Montek. The presence of such a large group of dalit business leaders in the Capital will also be an occasion to do some image re-engineering by presenting the changing face of these communities. Delegation members will hold an open dialogue with intelligentsia representatives on their plans for 2011 and their dreams and ambitions" (Jerath 2010)

We also find that caste in politics divides but caste in economics unites. Moreover, castes that have used business as a route for upward mobility have succeeded much better than those who tried to use politics and quotas. The examples that come to mind are Nadars and Gounders in the former category, and Vanniars, Thevar,s and Dalits in the latter category in Tamil Nadu. (Vaidyanathan R 2006, 180) Policy planners and experts should work on a road map to calibrate changes in the Indian context.

12.11 Conclusion

Many left-oriented experts have concluded that caste is bad. They have made it into a "four-letter word," and so every Hindu is expected to feel guilty whenever caste is mentioned or talked about. In international forums, caste is used as a stick to beat anything connected to Indian religions, customs, and culture. In other words, caste has been made to be for Indians what the Holocaust is for Germans and Austrians.

Slowly many educated Indians also began to feel "guilty" about caste because during colonization, some European experts started finding fault with Hindus for having the caste system. The word caste itself is of Portuguese origin. This chapter shows that caste is a valuable social capital, which provides a cushion for individuals and families in dealing with society at large, and more particularly the state. The Anglo-Saxon model of atomizing every individual to a single element in a rights-based system and forcing him or her to have a direct link with the state has sometimes produced disastrous effects in the West, wherein families have been destroyed and communities have been forgotten. Every person is standing alone, in a sense stark naked with only rights as his or her imaginary clothes, and must deal directly with the larger society and the state. The "Nanny State" in Western countries does not have the benefit of concentric circles of cushions to deal with individuals. Therefore the Nanny State ends up having to become the father, the mother, and the spouse in providing social security and old age homes, while it grants rights to young children to sue and divorce their own parents!

A blind acceptance of the Eurocentric model of the individual leads to a rights-based rather than

duty-based system. Such a model implies that one way to overcome caste problems has been to offer quotas (caste-based reservations) in education/employment and politics. Once we accept the Western notion that caste is a burden to be overcome, we also end up accepting the Western idea of the quota system as a remedy. We need to distinguish between caste discrimination and caste as a social capital. Caste discrimination is definitely an unacceptable practice, but not castes per se. The cry to abolish castes is to “homogenize” Indian society. Although many “reformers” have attempted this, it has not been successful. If the existence of castes is really oppressive, then the system could not have survived for more than two thousand years and there would have been major caste wars in the past. But we do not see any evidence in our history for any major caste wars.

Caste has played an important role in the consolidation of business and entrepreneurship in India, particularly in the last fifty or so years. The economic development has taken place in the “India Uninc” or the partnership/proprietorship activities financed by domestic savings and facilitated by clusters and caste/community networks. Actually caste has been a major social capital in our growth process—one that has not been adequately recognized. This chapter explored the economic growth constituents and catalytic components. It also identified the role of caste in the growth process among the emerging entrepreneurial groups.

We need to recollect the important observation made by Swami Vivekananda in one of his famous lectures in response to the welcome address of Hindus of Jaffna in 1897. He said, “The older I grow, the better I seem to think of these [caste and such other] time-honored institutions of India. There was a time when I used to think that many of them were useless and worthless, but the older I grow, the more I seem to feel a diffidence in cursing any one of them, for each one of them is the embodiment of the experience of centuries” (wikisource Last modified 12th April 2008).

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Table 12.6 Savings and Foreign Flows [Rs Crores] Items/Year 1994–95 2000–01 2008–09 2009–10

Gross Domestic Savings	251463	496272	1798347	2207423
Household Sector [% of GDS]	199358	446217	1331033	1536071
GDS [%]	79%	89%	74%	70%
Foreign Investment	16133	31015	97918*	329815*
Flows [% of GDS]	[6.4]	[6.2]	[5.4]	[15]
Direct Investment Portfolio	14126	18406	161536	176304
Investment [% of GDS]	5.6%	3.7%	9.0%	7.9%

Note: Data for 2008–09 and 2009–10 are provisional.

Source: Statement 18, p. 31; NAS 2011 and Table 155 Handbook of Statistics of Indian Economy September 2010 RBI.

Table 12.7 Social Group of Owners of the Enterprises [%]–1998 Item Rural Urban Combined average

SC	9.0	5.8	7.7
ST	5.2	2.3	4.0
OBC	36.0	29.1	33.1
Total of above	50.2	37.2	44.8

Note : SC indicate scheduled castes or Dalits who were previous "untouchables," ST indicates Scheduled Tribes [say forest dwellers], and OBC indicates other backward castes [other than the SC/ST but not forward castes]. Source: Economic Census, Table 2.6, and Central Statistical Organization, 1998

Table 12.9 Survey of Madras

Table 12.8 Social Groups of Owners of Enterprises [%]–2005 Item Rural Urban Combined (average)

SC	10.00	6.97	8.82
ST	4.60	2.13	3.64
OBC	40.57	34.19	38.08
Total of above	55.17	43.29	50.54

Source: Economic Census 2005. Table 2.5; All India Report–Central Statistical Organisation–New Delhi

Presidency on Education during 1822–1825 Share of Sudras in Schools

Tamil-Speaking areas

Oriya Areas

Malayalam Areas

Telugu Areas

Share of Brahmins in Tamil-Speaking Areas South Arcot

Madras

Percentage 70–80%	62%
54%	
35–50%	13%
23%	

Note : Sudras predominantly OBCs—see note under Table 12.7. Source: Dharampal; Beautiful Tree—Indigenous Indian Education in the Eighteenth Century; Vol. 3 of Collected Writings (Goa: Other India Press Goa 2000).

Chapter 13

Losses from Hindu Socioeconomic Practices

Sunil Deshmukh*

13.1 Introduction For the purposes of this discussion, I have defined the term Hindu as a collection of:

[1] Vedic Culture that may be as old as six thousand years (Frawley 2007; Haryana Online 2011), with its texts (Vedas, Upanishadas), its Mythology (Ramayana, Mahabharata, Puranas), its collection of oral and memorized traditions (Smrutis and Shrutis, e.g., Manusmruti), and its assortment of writings, commentaries, translations, and abridgments, including those in the regional languages such as Dnyaneshwari, Geeta Rahasya by Lokmanya Tilak, etc.

[2] Hindu Religion, as it became known for the past 1300 years (perhaps a term coined by the Greek, Mughal, or Turkish invaders), including its various sects.

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[3] Hinduism is commonly called a “Way of Life” in political discourse over the past 50 or so years. This usage is further supported by an Indian Supreme Court decision (Tarkunde 1996).

[4] Hindutva (Savarkar 1923; Parel and Keith 2003), a political philosophy or a train of thought in the last 35 years that does have economic implications or dos and don'ts.

My analysis of the “Hindu Economy” will refer to the above collectively, as it is chronologically, philosophically, and practically linked in a very broad way, and deemed to be a continuum of similar thoughts, philosophy, and practices, thus qualifying as the same thing through the times.

13.1.1 Hindu Practice versus Preaching

Further, my comments will be based on what was and is being “practiced” under the Hindu brand, rather than “preached” or written. This is an important distinction not only because there may be a difference, but because the written texts and oral/memorized traditions contain so many directly contradictory things, statements, and stories that one can selectively pick and choose, quote, and practice pretty much anything under the Hindu brand. This flexibility, while appealing, can leave open the possibility of self-serving, selective interpretations by the ruling class or the beneficiaries of the Hindu social order to justify a foregone, perhaps politically motivated conclusion that everything was great, ideal, and with a good motive and purpose, thus negating any unemotional, rational inquiry into its merits.

There are so many examples of this dichotomy that it is an entertaining subject in and of itself. To cite a few, if you like monogamy, you have Rama. But polygamy is great too –you have Krishna (Polygamy of Lord Krishna 2011)! Nonviolence is preached, but if you want to get away with murdering your own child, that’s OK too, and you can revere Shiva (Wilkins 1900), as he can restore life by magical powers! Good moral conduct is preferred, but if you like to rape other people’s wives, that is possible, if you are the King of Gods, Indra (Bhahma Vaivatra Purana 4:47:11–45), and are willing to pay your entire net worth as a fine. There are prayers that wish well for humanity, but at the same time, there are strong edicts to pour molten lead in the ears of any untouchable (Shudra Varna) who tries to obtain an education. There are Shlokas that advocate “Samsara” (Tilak 1914 and Encyclopedia Britannica, 2011) or the material life, while other Shlokas sing praises of and advocate “Nivrutti” (Gita 4.20,5.3,5.8,5.9,12.12), or an aversion to the material life and abandonment of everything in the quest of Moksha or the ultimate salvation. Given all these contradictions, the only way to truly analyze Hindu Economics is to look at what was being practiced under this brand for thousands of years; that way we have a large enough sample over a long period so that we can draw conclusions based on evidence rather than on interpretations.

Another observation about any inquiry into the Hindu religion (or any religion, for that matter) and its social practices is that the subject has seldom been rationally examined in recent years, as both its staunch supporters and opponents start with their respective conclusions, then seek either selective written texts or oral traditions/practices to justify their intended conclusions, thus drowning out rational inquiry and turning the analysis into a political football. The recent fight over the California middle School textbooks (Burress 2006) and the NCERT college textbooks in India (Bidwai 2001; Mukherjee and Mukherjee 2001) are some of the examples.

The most powerful reason for choosing “practice” over “preaching” is exactly that. Practice touches and molds the social and economic life. The sometimes vast divide between practice and preaching also supports looking into practice as the most relevant thing to do, rather than getting lost in various interpretations of complex and ancient Sanskrit texts that, as I cited earlier, are filled with seemingly contradictory statements, stories, and edicts. Simple and powerful logic is thus: if for four hundred years, the Ziptea tea bags produced every year contained sawdust, then I am entitled to draw the conclusion: Ziptea = Saw Dust, regardless of the fact that Mr. Ziptea’s four-hundred-year-old tea blending manual clearly calls for tea leaves.

13.2 The D. D. Kosambi Method of Analysis

My analysis and inquiry will follow the famous D. D. Kosambi method of inquiry (Kosambi 2002; Shrimali 2002) into any historical events and societies. It simply looks at the objective evidence of the then-current socioeconomic life of ordinary citizens for drawing any conclusion about that society, period, or kingdom, rather than relying on the texts (which are often written by the rulers and winners or the so-called scholars in the King’s court) that the traditional analysts rely on as the true representation of history. The Kosambi method is thus a rational and revealing method of inquiry and analysis that relies on the socioeconomic life of the subject society or kingdom to judge its economic success or failure.

I will comment on the four most prominent Hindu “practices” over six thousand years to draw conclusions regarding their economic impact. That will speak volumes about Hindu Economics,

rather than a discussion of nuances of any written texts. As the Hindu religion/social order is one of the oldest in human history, most of the thinking (whether in writing or the oral/memorized tradition) is largely in Sanskrit and primarily done during the period of 2000 BC to 500 A.D. (Witzel 2001). It is no wonder that all of the references and backdrop (social, economic, technological, etc.) relate to the then-current progress on those fronts.

13.3 Hypothesis and Objective

My hypothesis is that the four main features of Hindu society (Caste System, Relegated Status of Women, Concept of Soul and Rebirth, and Lack of Preparedness against Foreign Invaders) had a major negative economic impact. This loss can be estimated by taking into consideration the following:

- [1] The population of Hindu society at the median year between 4000 BC and 2000 AD
- [2] The dollar value of creative input for men and women of various castes
- [3] The present value of such dollar amounts at a certain inflation rate or cost of money

For this, we estimate the total Hindu social period to be about six thousand years (with an average of three thousand for any sweeping calculations). The population in 1947 was about 330 million and the start point of six thousand years ago is estimated at two million (ISCSC 2011). Given the exponential nature of population growth in the later years, (McEvedy and Jones), the average Hindu population (men and women of all castes together) for the median three-thousand-year period is reasonably assessed at 20 million.

In estimating the dollar value for the creative input of men and women of the various castes, I have used a simple rule of thumb as set forth below:

Men and Women of the Lower [Shudra] caste: 5
cents/person/day

Women of all other upper castes together: 10
cents/woman/day

Men from the Upper [Brahmin] caste: 15 cents/man/day This is the “excess value” that they could have contributed over and above their physical labor. Thus, it is the value of creativity, innovation, productivity, etc. that the person could have contributed, given the chance and orientation—education, opportunity, mentoring, conducive atmosphere, proper focus, etc.

India's Hindu Population in millions

0 500 1000 1500 2000
Year

These are not arbitrary numbers as they do correspond with the creative portion of today's wages in India for the semiskilled and skilled or white collar jobs ranging from 60 cents to 2 dollars per day (Hanson 2005), after accounting for inflation and technological progress.

The last part is to represent this value in current dollar terms, or as present value, assuming certain inflation or interest rate/time value of money. I have assumed that to be 0.3 percent per year. Although this may seem low, the results for any higher rate will be staggering, and the figure perhaps is a balance between the population growth and the increasing standard of living giving rise to inflationary pressure while being counterbalanced by the gains in productivity

throughout history.

Given all these caveats and broad definitions, the next section discusses the four prominent Hindu practices and their negative economic impact.

13.4 Hindu Practices

13.4.1 Caste System

This is the most emotionally debated issue, especially for the past hundred years. As we are beyond debating the social good or evil effects of this system, describing and defining it and its nuances is not the purpose here, as that will take the focus away from the subject at hand—the economic impact of the Hindu practices/social order.

As the Hindu society was divided into four Varnas/castes/subgroups, one is tempted to assume an equal numerical division, thus allocating one-fourth of the population to each of the categories: Brahmin (the priestly class), Kshatriya (warriors and administrators), Vaishya (traders and farmers), and Shudras (menial laborers, colloquially referred to as the “Untouchables”). There is no empirical evidence to prove that, and logical inquiry leads one to the conclusion that given the limited state of technology, there must be a lot of menial functions with a major need for unskilled labor, requiring more than 25 percent of the population, whereas, the ruling classes (Brahmins and Kshatriyas) had specific and limited functions and tasks (keeping the knowledge; conducting rituals; liaising with the gods, etc. for the Brahmins and administration; collecting taxes, being ready for war etc. for the Kshatriyas), perhaps needing less than 25 percent of the population for each. We can then safely conclude that the lower two classes (menial labor and farming/trading) needed more than half of the total population to conduct those functions.

Recent surveys on the distribution of castes also indicate that the Brahmin caste is limited to around 10 percent of the population (Reservation in India 2011), whereas agglomeration of various sub castes within the Shudra or Untouchable class was closer to 40 percent (Thananjayan 2010). That directly supports the premise that the proportion of the lowest caste (Shudras) in the past must be much higher than just the numerical portion of 25 percent.

Table 13.1 Present Value of Loss due to the Caste System seq. Feature

1 Average Hindu population during the past 6000 years

2 Percentage of lower castes

3 Average lower caste population

4 Loss/lower caste person/day

5 Inflation rate (percent per year)

6 Loss in million dollars per day

7 Total estimated loss over the average 3000-year period

8 Present value of loss in trillions of dollars Value 20 Million

50% 10 Million \$0.05 0.3%/year \$0.5 Million/day \$1500 Million

\$12.00 Trillion

13.4.1.1 Loss of Creativity

There is a well-recorded history of sanctions against the lower classes obtaining any education or even interacting with the upper classes. Thus, we must conclude that for six thousand years a substantial portion of the society was denied any and all opportunities for upward mobility in the caste structure of Hindu society. That includes denial of education, vocational training, or any

other means to learn new technologies. Repetitive, lowskill, and mostly dirty tasks done in bonded or slave-like labor conditions do not inspire the desire to learn, and in fact, may actually reduce the capacity to learn and cope with technological progress over the years, decades, and centuries. A systematic denial of education and access to opportunities to learn, have a dialogue with teachers and those with knowledge and higher skills, diminished the ability of the Shudra Caste/Untouchables to learn, innovate, improvise, or even cope with the change of pace in all fields of life. As there was no respect for labor and technological skills, the society was static for thousands of years on many fronts, except for the trade skills passed down the generations. The ancient Hindu texts describe battles a few thousand years ago, fought with swords, spears, bow and arrow, etc., and the same weapons were being used even in the 19th century. There were no indoor toilets even up to the 20th century. The tools used by artisans were extremely primitive, and the society backward. This is the direct result of excluding or shunning the creativity, productivity, and innovation of more than half of the population. The value per person added by bonded labor reluctantly doing menial tasks is far lower than the value that could have been added by encouraging and fostering their creativity by allowing access to education, communication, learning, and skill/ideas transfer. This can be directly contrasted with the Western societies where all educated and even well-to-do people do physical tasks right from childhood, and this work culture is respected and encouraged. People tinker around in the garage and around the house. Even for the factory labor, there is major emphasis on skills upgrading and retraining with plenty of room and encouragement for participatory decision making and upward mobility. The combination of physical work, formal training, and intellectual thinking is very potent, and this led to innovation in doing those tasks better, quicker, and easier. Laborers developed tools for repetitive functions, thus gaining speed, ease, and cost effectiveness. The Industrial Revolution and all the major innovations such as the airplane, automobile, and personal computer are some of the proofs of this phenomenon. When the learned class indulges only in poetry and philosophy and looks down on physical or mechanical work, both the poetry and machinery deteriorate and we become a static and stale society—one both spiritually and economically weaker.

As the Indian society was prosperous enough in the early days by the then-current standards to attract foreign explorers and invaders alike, there must have been substantial wealth accumulation by the ruling class, which could not have happened without exploitation of the lower castes and classes in a classic Marxist sense. Further study of this aspect of concentration of wealth by the ruling class could be very interesting topic for another research project.

13.4.1.2 Dollar Value Lost

The attached Figure indicates the three thousand-year average total population to be about 20 Million. Assigning 5 cents/day/person value lost for an average of three thousand years for a guesstimated Shudra/Untouchable mean population (men plus women) of 10 million people (assuming the Shudra Class plus the lower end of the Vaishya Class doing menial labor to be 50 percent of the total population throughout the history) over the same period, we can calculate an absolute dollar value lost of 1,500 billion dollars. Calculating the time value of money over the same three thousand-year period at a modest 0.3 percent per year, we can arrive at the present value (PV) of the negative economic impact of the Hindu economic practices, assignable to this factor only, at 12 trillion dollars at today's value.

13.4.2 Relegated Status of Women

This is not a unique Hindu factor, as most other religions have also treated women as mere chattel or semi-bonded labor for domestic work. However, the fact that other religions and societies chose to exclude women from their respective economies does not condone or negate this serious factor as it applies to the Hindu society. Along with many studies, common sense shows that females are more creative than men. Assuming at least equal creativity, talent, and intelligence, and with women being statistically half the population, curbing or totally excluding their participation in the creative side of the economy is a colossal loss. Although some Hindu-biased intellectuals are quick to point out that it is the only religion that worships goddesses and that there were some scholarly women such as Gargi and Maitreyi (Singh 1991; Kosambi 1994), following the Kosambi method of inquiry, these are exceptions rather than the rule, and the stark fact remains that all women were strictly forbidden from getting an education and their social status was decidedly lower, subjecting them to menial tasks. It was not until the mid-19th and early-20th century that social reformers such as Maharshi Karve and Mahatma Phule (Nayak 2004) actively championed women's education and broke this vicious cycle. This is a widely known and well documented fact (Singh 1988, 1991). Here, we are considering women only from the upper three classes, as the value calculation for the Shudra population already includes men and women of that class. Again, a similar economic value analysis as in case of the Shudras for the loss due to the exclusion of women from the productive economy shows the economic loss over an average three thousand years of the socioeconomic structure for 5 million women's value addition at a potential of 10 cents/day/woman and the time value of money at 0.3 percent/year to be 12 trillion dollars at today's value.

Table 13.2 Present Value of Loss due to Inferiority of Women seq. Feature

- 1 Average Hindu population during the past 6000 years
- 2 Women in upper castes as a percentage of total population
- 3 Average women population
- 4 Loss/upper caste woman/day
- 5 Inflation rate (percent per year)
- 6 Loss in million dollars per day
- 7 Total estimated loss over the average 3000-year period
- 8 Present value of loss in \$ trillions Value 20 Million

25%

5 Million \$0.10 0.3 %/year \$0.5 Million/day \$1500 Million

\$12.00 Trillion 13.4.3 Soul-Rebirth and Emphasis on Salvation (Moksha)

As there is a strong emphasis on the cycle of rebirth in the Hindu religion (Nayak 2004), the time span to do things expanded to infinity with 8.4 million rebirth cycles and the incentive to accomplish immediate material progress was greatly deemphasized. As the Hindu culture was mostly self-centered, the individual was emphasized and social good or collective action was not important. Individual Moksha (salvation), attainment of higher mental and spiritual states, was the supreme goal. There was enormous importance given to rituals, partly to beg and bribe the gods to grant Moksha and partly to maintain the social status of the Brahmin class as the sole brokers and conduit to the gods. These factors had a direct negative impact on the social systems, public hygiene, infrastructure, and technological advances that needed collective action for material progress. Other than the activity of building temples, we do not see evidence of socially oriented actions such as building public toilets, roads, communal wells, better and more

sophisticated machines, etc. Incentive to improve one's material life is diminished when the present status is accepted as a result of sins in the past life. This fatalistic attitude, reinforced over thousands of years, led to apathy and slavish acceptance of one's present lot, extinguishing any flames of aspirations, creativity, and desire for material benefits and common good. There are stories of sages and gods creating Brahmastra, the equivalent of a heat-seeking missile (Books, LLC 2010; Pattanaik 2003), but the same people did not think of building simple public toilets! The loss of material and economic incentive (and therefore economic value) due to excessive emphasis on rituals and the concept of rebirth and salvation, in my judgment, was enormous. When the creative energies of the entire educated class are devoted to the abstract and afterlife instead of the present material life, common good, and technology, there is unquestionably a huge economic value loss. The spiritual gains, if any, came at the expense of economic and social progress. Assuming the educated/Upper Caste/Brahmin Class men to be 10 percent of the entire population, and the value loss to be 15 cents/day/man over the same three thousand years average period, and the time value of money at a mere 0.3 percent/year, the total monetary loss can be 7.2 trillion dollars in today's value.

Table 13.3 Present Value: Loss due to Soul-rebirth & Salvation Emphasis seq. Feature

- 1 Average Hindu population during the past 6000 years
- 2 Percentage of upper castes
- 3 Average upper caste population
- 4 Loss/upper caste man/day
- 5 Inflation rate (percent per year)
- 6 Loss in million dollars per day
- 7 Total estimated loss over the average 3000-year period
- 8 Present value of loss in \$ trillions Value 20 Million

10% 2 Million \$0.15 0.3 %/year \$0.3 Million/day \$900 Million

\$7.20 Trillion

13.4.4 Theft and Plunder by the Invaders

Some of the strongest causes for the foreign invaders triumph are the caste system and the emphasis on salvation. As the Shudra caste had no interest in safeguarding the ruling class interests (and perhaps were secretly delighted when the foreign invaders came in), and the educated population was too busy performing rituals with the self-centered goal of attaining salvation, it is no wonder that the invaders had an easy time conquering and later plundering the wealth. The complacency, neutrality, and negativity toward material life that the Hindu religion/way of life/practices fostered over the centuries, if not thousands of years, directly contributed to the unpreparedness, lack of unity, and defensive postures in the Hindu society when the invaders arrived. Although it is hard to cite a direct edict/Shloka/book for this general lack of preparedness against the aggressors, the individualistic nature of the philosophy and the lack of any preaching or practices for the common good, in addition to the obvious cause of the caste system, together must have led to the lack of cohesiveness and will to fight for the common good.

It is hard to assign a specific dollar value to the plunder, but just the known records of the gold, diamonds, and other valuables taken can be hundreds of billions dollars over the time (India 2009). The world famous Peacock Throne and the Koh-iNoor diamond currently in the museums in Tehran and London, respectively, were assessed at 70-80 million British Pounds in 1739 [Ball 1989]. These were but a fraction of gold, jewels, diamonds and ornaments taken by the Mughal

and British over centuries. As it is hard to know the exact amounts of all of such plunder, a guesstimate of the present value just based on the inflation and value appreciation of precious metals and stone can be put at \$1 trillion, which is still much lower than the losses due to the aforementioned other three factors.

Table 13.4 Summary of Loss Due to Hindu Socio-economic Practices seq. Cause Present Value of Economic Loss (\$ Trill.) 1 Caste System \$12 2 Relegated Status of Women \$12 3 Soul-Rebirth and Salvation \$7.2 4 Theft and Plunder by the Invaders \$1 5 Total \$32.2

13.5 Conclusion

Overall, the Hindu social and consequent economic practices led to colossal economic losses. It was a society that produced some early achievements such as the concept of zero, and early advances in mathematics, medicine, etc., and was clearly successful to a point such that invaders and explorers alike sought it out, even risking their lives. All this could not be achieved without the intellect and organization that no other society had at the time. To know that such early advantage was lost over time due to the Hindu social structure and its inherent economic and social practices is baffling. Perpetuating the economic practices that excluded almost 75 percent of the society and its creativity was self-destructive and of course, suboptimal. The Indian economy obviously paid dearly for this historic blunder. The last thousand years of Indian history is a testament to that.

It is fashionable in India these days to blame the foreign invaders for all the current woes. The numbers prove otherwise. We were our worst enemy, and the Hindu socioeconomic practices did immense and irreversible damage that we are still paying for today. The size of the Indian economy today is 1.7 trillion dollars per year. The loss of 32 trillion dollars due to the Hindu economic practices dwarfs the size of our economy even today, with its 1.2 billion people and exponential technological progress over the past 50 years. Any sensitivity cases, varying the population numbers, the length of the average period of Hindu economic practices, or the value of the creative input for various classes, will not change this basic conclusion.

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Chapter 14

Sustainability of Hinduism and the Hindu Rate of Growth as the Global Growth Rate

Surendra K. Kaushik*

14.1 Introduction

This chapter argues that in the long run GDP annual growth rates will most likely regress back to the trend line in the US and India in the 3 to 4 percent range. There is a remarkable stability and similarity of growth rates in the two countries over long periods. In India it has been called the derogatory low Hindu Rate of Growth. Presumably higher rates are associated with other religions and value systems. The evidence, however, finds the same low rate in the US. Growth rates in other advanced countries and Europe are about the same as well. Higher rates would be desirable and possible with new human capital and technologies. The ten percent a year rate in China from 1980

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to 2010 is unlikely in the future. The Hindu Rate of Growth which is the same as the US rate of growth is most likely to be sustainable in the future as in the past. The stability is explained in terms of cultural characteristics specifically associated with Vedic Hinduism. United States shares some characteristics of an open global culture with India. Therefore what is sustainable are the common US and India rates of global growth where India's spirituality and yoga are taking root in the US and American scientific research and innovation are enriching Indian trading and entrepreneurship into an industrial and materialistic society.

Competitive drive in economic evolutionary history is perhaps the oldest continuous characteristic of social structures, fundamental economic institutions and mechanisms in the process of achieving economic prosperity. More open and competitive systems have done better and are postulated to do better relative to less competitive societies (Smith 1776). It is argued in this paper that Vedic or Hindu (hereafter used interchangeably) culture has expounded and exhibited this critical characteristic of openness in thought and practice over the millennia making it perhaps the oldest continuous culture over several thousand years of its history (Sri Aurobindo 1959, Malhotra). Further, Hinduism or Hindu society has sustained itself at a steady rate and will continue to do so despite suffering chiding for its so-called low rate of growth by its own economists who have made the Hindu Rate of Growth synonymous with low rate of growth and low rate with Hinduism (Ahluwalia 2005).

14.1.1 Hindu Rate is Sustainable World Growth Rate

Hindu value system is, perhaps the oldest, certainly among the oldest, settled societies and economies (Kesavan 1997, Srinivasan 1997) in the world. The Hindu Rate of Growth, as made famous by the Indian economist Raj Krishna, albeit with a condescending view, is a good proxy for the long-term rate of growth of the Indian economy and not just the first fifty years of independent India following the British Raj in the previous 90 years from 1858 to 1947.

The British had gone to India as East India Trading Company chartered for that purpose by Queen Elizabeth I in 1600. Their success allowed Britain under Prime Minister Disraeli to take governance of India from the Company and anoint Queen Victoria as the Empress of India in 1858. The British thus had a considerable Western influence for some 350 years on modern India. Other Europeans from Alexander of Macedonia to the French, Portuguese, and Germans have also invaded, traded with, and impacted India over the millennia.

The Turkish, Persian, Afghan, and Mogul invasions and subsequent rule over parts of India from the tenth to the eighteenth century had considerable economic, social and cultural interaction with and assimilation in Vedic India. Trading between India and the Near East as well as Europe goes back to antiquity.

India had the highest income among all countries up to about 1500 CE when China emerged as the richest country followed by European powers, followed by the United States (Maddison 2003). China is again among the largest economies in the world along with the US and EU and to be perhaps number one in terms of GDP in a few years. In terms of per capita income, however, China is still only one-fifth of the US average per capita income. India is around one-tenth of the US real per capita income in 2011.

The Hindu Rate of Growth (HRG) is a controversial and derogatory expression used to refer to the low annual growth rate of the socialistic economy of India before 1991, which was around 3.5 percent from 1950s to 1980s, while per capita income growth averaged 1.3% (Chart 3). The average US nominal GDP growth rate was 6.2 percent while the real GDP growth rate, at 2005 prices, was 3.4 percent a year from 1930 to 2010 (Chart 1). India's growth rate for the most recent thirty year shortterm period from 1980 to 2010 by comparison is 6.11 percent a year (Chart 2). Perhaps it is not a coincidence that the US rate of growth over the first two and a quarter centuries since 1776 is essentially the same. It is a remarkable similarity of growth rates.

Given the physical, and human resources and environmental constraints going forward, it is most likely that the world economy will regress back to the sustainable HRG of about 3 to 4 percent a year. The potential productivity gains from technology, better human capital and more financial capital giving a 3 to 4 percent GDP growth rate may make a more than 2 percent plus annual per capita real growth possible after allowing for a 1 to 1.5 percent growth rate of population.

We are not advocating low rates for India, the US or the world. Rather, our focus is on reality and not empty dreams, not to mention externalities (destructive parts of high growth rates) on the environment, quality of life and indeed the sustainability of life on earth because of CO₂ and other threats to the planet. India is not going to have China's high growth rates for any significant period. Even China is projected to have less than 6 percent a year in the next 30 years versus the 10 percent in the last 30 years. The Hindu Rate (and Irving Fisher's) 3 to 4 percent real sustainable long term rate is most likely to prevail over the long haul. The Hindu Rate is not

bad notwithstanding the desire to grow faster and achieve higher living standards similar to the West sooner. The Hindu Rate has made America what it is with growth at 3 to 4 percent a year for a very long period of 300 to 500 years since perhaps Columbus, certainly since 1776 as far as recorded numbers show, of course with very different market basket and technologies overtime.

Per capita income in India was Rs. 168 in 1857 and Rs. 187 in 1900. Thus, there was hardly any change over a period of more than 40 years when the British government had taken over direct control of India from the East India Company. There was high volatility of per capita income from Rs. 168 to Rs. 205 but a mere 10 percent or 0.25 percent growth a year over a 43 year period.

As can be seen in Table 1, growth rates in the world and the advanced countries also converge towards the Hindu Rate of Growth over long periods. It is quite understandable that im

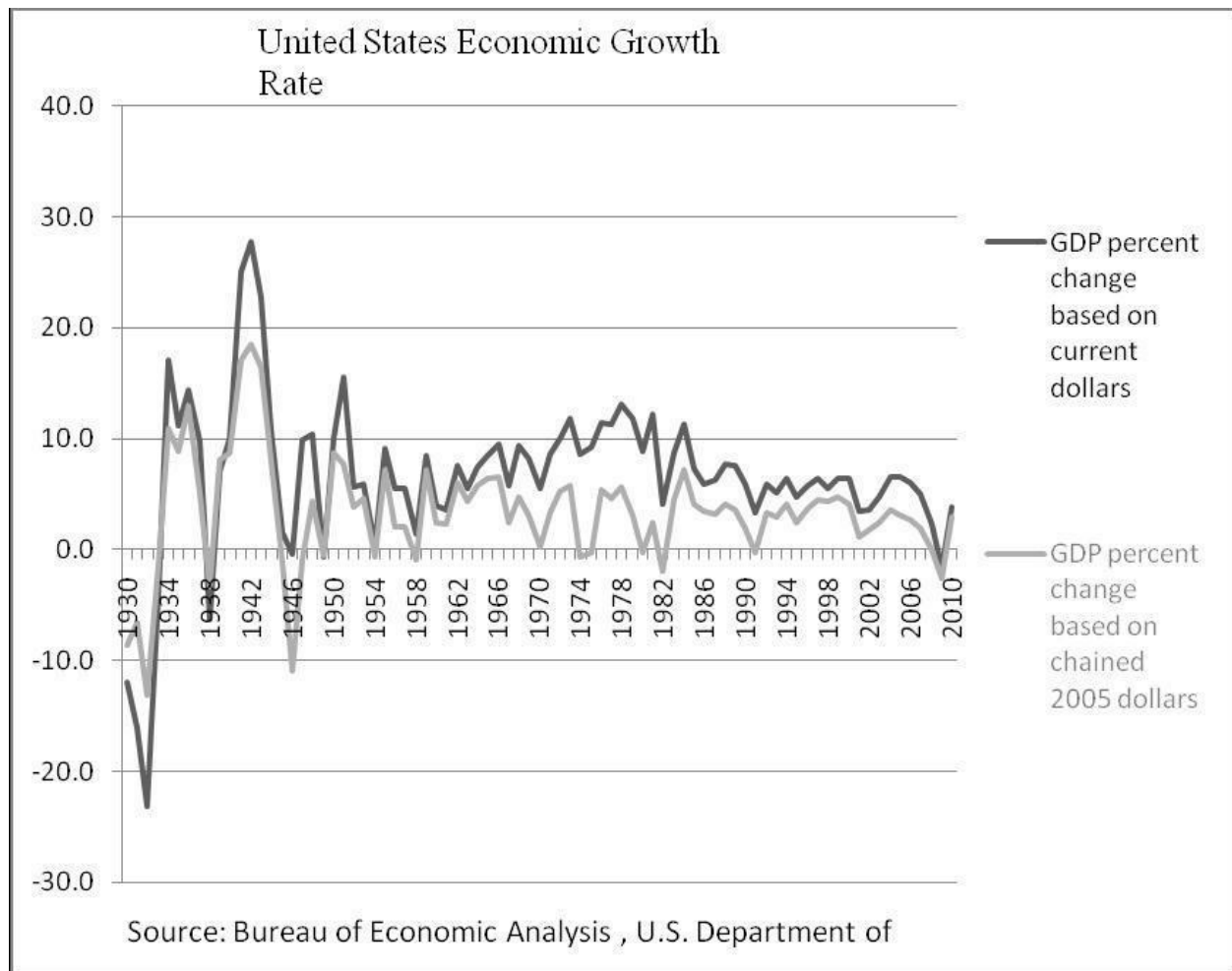
Table 14.1: GDP Growth Rates in the World Economy YEAR World Adva. Deve. Europe MidEa SubSaha

Econo	Econo	N.Afr.	Afr.
1996	3.7	2.9	5.1
1997	3.9	3.4	4.9
1998	2.2	2.3	2
1999	3.9	4.2	3.5
2000	4.8	4.2	5.8
2001	2.2	1.5	3.6
2002	2.6	1.7	4.2
2003	3.4	1.9	6.1
2004	4.8	3	1
2005	4.5	2.7	7.4
2006	5	3	8.1
2007	4.9	2	7
2008	2.4	0.2	6.1
2009	-1.1	-3.5	3.2
2010	3.9	3	NA

patient economists and others would like to have the developing countries grow faster to catch up to the levels of incomes in advanced countries. Thus they find India's post-independence rate of growth too slow or too patient like Hinduism itself. The cultural connection is not inappropriate in some respects but one could argue that it is the haste in judgment that economists like Raj Krishna made. They wished to have high levels of incomes fast through high rates of growth. "Here and now" of Ram Dass (1971) and Paul Sartre (1943) gripped them as they Westernized themselves in Boston, London, Paris, Chicago, New York and Washington, D.C. Had the impatient Westernized Indian scholars seen and studied properly the long-term growth rates in the United States and other developed countries they would have been more modest in their denigration of Hinduism and India.

There are sound reasons for the long-term similar low rates of growth in India, the United States and Europe. Every American

Fig. 14.1



textbook makes reference to the 3 percent real rate of return (or GDP growth rate) that is based on a study of returns on investment in American industry from 1870 to 1900 by Irving Fisher (Fisher 1930). He found the 3 percent real return in his empirical studies published early 1900s. His work and analysis had made an implicit forecast which has generally held up from 1900 to 2011 with regard to the annual growth rate of American GDP at about 3. GDP can be interpreted as the return on the total capital stock, as the marginal efficiency of capital or the internal rate of return, of the United States (Fisher 1930). The stability of this low number at 3 percent, in the context of remarkable innovations increasing productivity of labor and capital over the last one hundred years and more, can also be termed the HRG as there are many similarities in the business and cultural context in India and the United States. The cultural context which is extremely important to properly understand the HRG is discussed in the next section.

Table 14.2: India GDP Growth Rates Year Real Growth Rate GDP %

2000	5.5
2001	6
2002	4.3
2003	4.3
2004	8.3
2005	6.2
2006	8.4
2007	9.2

14.1.2 Historical Hindu Drivers for Successful Economies

There are a number of empirical truths about Hinduism that speak to us today about the steady and sustainable rate of growth. Some of these are: (i) Global perspective in thinking (ii) open and welcoming migratory culture, (iii) long view of time and space, (iv) inquisitive and open mind and knowledge-based enterprises, (v) accepting, assimilating and a tolerant society, (vi) reciprocity and exchange based on specialization, (vii) expanding view of the self, (viii) acceptance of controlled aggression (ix) greater importance on knowledge based enterprises and (x) satisfaction from balance between the spiritual, mental and physical lives.

We now discuss each of these drivers to support the hypothesis and view that the Hindu Rate of Growth is sustainable as the long-term global rate of growth.

(i) Global Perspective in Thinking:

Rig Veda, the oldest book in Vedic society, opens with the all encompassing view that the entire world is one family (Kashyap and Sadgopalan 1998). The idea is profound in itself. This explicit expression of the comprehensive view of the world and its inhabitants, some three to five thousand years ago is unique to the Vedic view of the world. No other culture or religion is as accepting of the oneness of the world and its people. The wisdom inherent in the view and acceptance of the reality of one world has allowed successive generations of the Hindu society through millennia to belong to and accept all in the world, as one to sustain and maintain itself over such a long period of time (Rao 1997).

The statement of oneness does not put people and cultures in hierarchy either. Nor does it reject anyone as undeserving, unacceptable and lower. Most other cultures and religions take narrower, superior, or inferior view towards others who are outside of their geographic, social, cultural, religious, or racial system. In terms of evolutionary theory, one could say that the Vedic view is more flexible to adapt to changing reality and thus has had better odds at survival than breaking down due to inflexibility in evolving systems of survival of the fittest. Live and let live within the one system is what the Hindu (Vedic) view seems to say and practice. Thus it survives through adaptation.

Vedic concept of oneness encompasses not only humans but the entire nature and ecosystem. The Vedic prayers explicitly start with the evolutionary recognition and motherly status of nature - land, water, sun, moon, all planets, and all life on earth what today is called global environmental protection. The nature worshipping Vedic concept of the environment is yet to be fully understood by the global community (Srinivasan, 1997).

Ancient Hindu empires such as Maurya (Chandragupta 322 B.C.E. –298 B.C.E.) and later Vijayanagar (1336 A.D. to 1565 A.D.) were very rich and many scholars contributed to Vedic literature scholars and had traders from around the world visiting them far off places including Greece and the Near East. Kautilya who was the minister of Chandragupta Maurya wrote the famous "Artha Shastra" Treatise (Mulraj, 2005). Globalization today is strong evidence of the world becoming one through trade, investment, travels, inter-faith marriages, UN system, G-20 management of the world,

multinational corporations getting their capital from world-wide investors, evolving global standards for goods and services, medicine, law, human rights, women's rights, gay rights, etc. (ii) Open and Welcoming Migratory Culture:

Today there is a reawakening and a paradigm change taking place ^a~A,S in fact a revolution taking place in global competition. It is not new. The evolutionary migrations out of India, Africa, and the Middle East to Europe, Mongolia and other places got the traveling and seeking process underway that continues today. The world is one home and one family philosophy is the foundation on which Indian culture is based. We can find numerous examples of explorers, sailors and conquering individuals and groups doing better by acquiring and using more and newer resources than stationary societies. All ancient civilizations and colonial empires are testament to this characteristic. The British Empire and the American successes are only recent examples in this process. Migration out of and into India has been a constant element through time (Tandon 1997). Today Americans can be found everywhere giving and receiving knowledge, traveling, buying, selling, investing, managing , and influencing science, politics, military, security around the globe. (iii) Long View of Time and Space:

The Vedic value system and culture have taken a long view of things in philosophy, mathematics and in reality of time and place. Hindu India is famous for taking a long view of time. There is no beginning or end of time. Time is so long that the Vedic culture produced the concept of zero and infinite both in time and space much before the more recent "scientific" proof of the same in physics since Galileo's observations of the heavens. Actually based on the movement of the heavens, the Hindu religion and culture have calculated the right time, space, direction for most everything as well as relational compatibility between persons. Conception of human life itself can be calculated and engineered with respect to time, space, physical, mental and psychological state of the would be parents according to Hindu astrology and astronomy.

The long view of time and space has also allowed the Hindu culture to be flexible, subject to change, mend, malleable, bending as against rigid, fixed, hard, absolute, etc. Things are relational and relative as in the cosmos and nature. There is always time and space for correction and improvement no matter the speed and space. This allows survival and sustainability in Vedic India (Sri Aurobindo 1959).

Zero and infinity are Indian concepts or discovered by Indian mathematicians. The universe and time are unending. There are cycles of birth and death within this unlimited time horizon unless one escapes the cycle by achieving Nirvana or Moksha. This translates into short-term daily behavior as to taking it slow and easy as against the concepts of continuous maximizing of benefits and minimizing of costs as preached by modern neoclassical economics. Self-interest of Adam Smith is universal but its application is conditioned by culture, weather, institutions, spirituality and other dimensions of life. Kama Sutra originating in India, for example, is important for enjoyment of life and source of happiness but not the same way as the driving force in Freud's analysis of human behavior. Indian view is the opposite of Sartre's "here and now" in which you discount the future almost near one hundred percent. The US and other savings rate of 1 to 3 percent tell us that people focus almost all their income in spending it today. Indians save some 36 percent where tomorrows are very important. Chinese save even more around 46 percent. In India and China tomorrow is almost as important as today. Not so in the Western culture and behavior of consumers. Western culture creates and destroys things, empires and systems faster and more often as against preserving old ways and systems kind of forever. Spiritual guidance is linked to and is component of economic transactions. God and spirit bless it but action in this world makes economic gains and losses possible.

(iv) Inquisitive Mind and Knowledge-based Enterprise: The inquisitive mind is open to receiving new and foreign ideas. It wants to know the physical, biological, sociological and artistic world around it. An explorer wants to know everything about the outside world to expand its reach and its benefits. Societies that gave rise to the inquisitive and questioning scientific mind have gained more economically than societies with contended status and orthodoxy of the world around them. The ideas about the spiritual, the physical and the social worlds have been and continue to be big in Vedic India. Ayurveda, yoga, nature, architecture, spatial (habitat) planning, social and economic systems and indeed ideas about God have been running themes throughout the intellectual history of Vedic systems and values implicit or explicit in them (Sri Aurobindo 1956).

Sanskrit, the language of the Vedas, of course is among the recognized sources of Indo-European family of languages. India has produced in Sanskrit language, literature on all aspects of life namely medicine, arts, economics, grammar, astronomy, astrology, philosophy, etc.

The Hindu value system and culture have taken a long view of things in philosophy, mathematics and in reality of time and place. India has benefited through millennia from in-migration of ideas, people, capital and technology and less from outward migrations in terms of aggression, conquering and running other countries, etc. People have migrated from Africa to India to Europe but not in the same way as numerous cultures and empires coming to India. Outsiders have explored India more than Indians have explored outside. Of course there are some 30 million people of Indian ancestry outside India in 2013 which is only 2.3

percent of India's population of about 1,300 million. (v) Accepting, Assimilating and a Tolerant Society: An accepting group and assimilating society allows expansion of its human resources along with the knowledge from within and without. Exclusivity and intolerance of others is the hallmark of a stale and potentially declining system. Live and let live and toleration of that which is different but has its own value and significance allows a society to grow in its multi-dimensions. This process feeds enrichment of life from north to south and west to east.

Assimilation of cultures, views, practices, religions and indeed biological and genetic mixing of races in a, by and large, Hindu India today is visible to the naked eye not to mention cultural, musical, architectural and linguistic potpourri as a result of a long process of acceptance and adaptation. Openness and assimilation have much to do with the success of the Vedic society and its continuation.

Vedic culture is also the mother of Buddhism, Jainism, and Sikhism as expansions in the realms of the spiritual, social as well as mental in human evolution. The Hindu India of the 21st Century looks on Hinduism, Buddhism, Jainism and Sikhism as a continuum of the Vedic views, philosophy, religion and values (Kesavan 1997).

Indian social structures have been accepting, assimilating and many times tolerating ideas, people, values, cultures, music, governance, architecture, science and technology and just about everything else from outside throughout its history, perhaps more than other societies. This is perhaps so as a result of most broad and open source thinking in the ancient Vedic system of thought and inner examination of life on earth as well as individual life and its meaning and purpose. It is no wonder India became known as the 'spiritual guru to the world'. The spirit and practice of acceptance, assimilation and tolerance continues to manifest itself in the day-to-day life in India of 2013. The modern constitution of India has enshrined these values beyond simply history into a continuing cultural legacy from as far back as one can think of social and cultural history of the Indian civilization with its known roots in the Vedic system of values. (vi)

Exchange-based Specialization:

The locally produced and imports are equally appreciated and lead to export and import of culture, faith, values, natural materials as well as home grown and homemade materials, goods and services. At a base level it shows respect for the other side of exchange that offers a good value. Historically, India, the Middle East and Europe are good examples of trading cultures. The whole of Southeast Asia is the best example since World War II. It is the trade which really connected India to all parts of the world. Vedic India continues its long history of trading with Africa, Asia, the Middle East, Europe, and America (Mulraj 2005).

Trade expansion and opening of imports and exports, inbound and outbound investments and foreign ownership in India in the twenty-first century have led to exports from \$300 million in 1991 to almost \$250 billion in 2011. Exports consist of agricultural, service, information technology related service, pharmaceuticals and industrial products based on the competitive comparative advantage of Indian goods and services. Much of the big and growing export basket consists of knowledge-based products and services including yoga, music and literature. The Vedic system even acknowledged, accepted, and stated four categories of specialized work based on one's aptitude, interest, pedigree, and capacity. The varuna or one's station in life thus came to be called the caste system. The so-called caste system is not based only on or strictly in terms of one's station at birth as it is based on one's interest, function and capacity. Sri Aurobindo discourses the subject as *caturvarnya*: "That system corresponds, says the Gita, to a divine law, "it was created by me according to the divisions of the *gunas* and works,"-created from the beginning by the Master of existence. In other words, there are four distinct orders of active nature, or four fundamental types of the soul in nature, *svabhava*, and the work and proper function of each human being corresponds to this type of nature. This is now finally explained in preciser detail. The works of Brahmins, Khatriyas, Vaishyas and Shudras, says the Gita, are divided according to the qualities (*gunas*) born of their own inner nature, spiritual temperament, essential character (*svabhava*)."

Sri Aurobindo goes on to say that: the "system was not peculiar to India, but was with certain differences the dominating feature of a stage of social evolution in other ancient and medieval societies. The four functions are still inherent in the life of all normal communities, but the clear divisions no longer exist anywhere. The old system everywhere broke down and gave place to a more fluid order or, as in India, to a confused and complex social rigidity and economic immobility degenerating towards a chaos of castes. . . . According to the Indian theory of rebirth, which the Gita recognizes, a man's inborn nature and course of life are essentially determined by his own past lives, are the self-development already affected by his past actions and mental and spiritual evolution and cannot depend solely on the material factor of his ancestry, parentage, physical birth, which can only be of subordinate moment, one effective sign perhaps, but not the dominant principle.. . . The emphasis on inner quality and spirit which finds expression in work, function and action is the whole finds expression in work, function and action is the whole 525). The caste system was not recognized by India's constitution adopted in 1950 but it has been amended in 2008 to be able to distribute economic and employment benefits by the government for political purposes. Caste heredity is unfortunately enshrined in the constitution for the first time. The Indian caste system was a social informal order and never before it had a legal basis until 2008. Caste has again become a basis for specialization and division of labor. The Ninety-third Amendment Act (to article 15 of India's constitution) of 2005 which became effective in January 2006 states that nothing shall prevent the state from making special provisions for the advancement of any socially and educationally backward classes and Scheduled Castes or Scheduled Tribes. Socially and educationally backward are defined elsewhere based on castes.

Additionally, government has proposed to do a new survey of castes to know whom to advance. Post-independence India is rediscovering the importance of international trade as a source of its economic growth and richness. Ideas, people, materials, goods, services, monies are all beginning to flow both ways again based on specialization and comparative cost advantage. India has consolidated its base of confidence in itself first fifty years or so that it is open for business in the twenty-first century without fear of colonization revisiting India. The growth of international trade and investments from 1993 to 2013 presents a clear evidence of India engaging with the rest of the world and continuing growth of this engagement in the future. It is a most unfortunate social and economic development in modern India which may lead to negative consequences including economic inefficiencies and a possible disintegration of social and political order as caste becomes the basis for allocation of scarce economic resources and the income generated from those resources. At the very least it is very likely to be a drag on economic growth through lower than potential efficiency and productivity of state allocation rather than market allocation of resources and thus and further reinforce the lower so-called Hindu Rate of Growth. The process may dampen aspirations of higher rates in favor of forced equality of outcome instead of equality of opportunity through generalized state expansion of educational and investment resources.

(vii) Expanding View of the Self:

The inner-self, self-realization, confidence in the self and a winning attitude are hallmark traits of competitive and winning societies. Systems based on the self and the individual at their centers have made more economic progress than group-based systems. Europe and the New World - the US, Canada, Australia, New Zealand - are great examples of this. Indian self has been anchored in spirituality and mental more than the physical through the ages.

The process of expansion of the self results in experience of global oneness which is expressed through Vedic literature. The real business of human life has been summarized by Sri Aurobindo in his book *Life Divine* as "The ascent to the divine Life is the human journey, the Work of works, the acceptable Sacrifice. This alone is man's real business in the world and the justification of his existence, without which he would be only an insect crawling among other ephemeral insects on a speck of surface mud and water which has managed to form itself amid the appalling immensities of the physical universe.

This Truth of things that has to emerge out of the phenomenal world's contradictions is declared to be an infinite Bliss and self-conscious Existence, the same everywhere, in all things, in all times and beyond Time, and aware of itself behind all these phenomena by whose intensest vibrations of activity or by whose largest totality it can never be entirely expressed or in any way limited; for it is self-existent and does not depend for its being upon its manifestations."

India specialized in the inner-self and its growth more than the external material comfort and well-being compared with other societies which evolved relatively more on the material progress and worldly comforts. India of the twenty-first century is beginning to catch up as observed in rampant newly discovered materialism including corrupt ways to acquire material goods and services as reported by the press and reiterated by government bodies and leaders in their desire to control corruption while promoting economic development and growth. It will be a long time before a balance is established between its historical spiritual focus and the new desire for material wellbeing. The mind-body-soul is currently in that order rather than soul-mind-body.

(viii) Acceptance of Controlled Aggression:

Aggression is part of human nature and the evolutionary history of civilization. In the hands of feudal lords from ancient times to the present we see aggression as part of material progress.

Generally more aggressive, acquisitive, enterprising and hardworking societies and cultures and European history are perhaps the best example of forceful exploitation of resources, peoples and continents. From a long perspective India has its Mahabharata and smaller regional wars. India, however, does not have a history of extra-territorial aggression unlike the Europeans, Persians, Turks, Afghans, Mongols, Mughals and others. This trait may continue to apply to slower economic growth within India than in other countries which are relatively more aggressive in matters of the economy, military, global power. The Vedic India is not devoid of aggression but it has managed it better than other cultures in terms of survival and sustainability of the system in the long run.

Religion has been a key source of values in societies. Vedic system and its values spread to the world not by physical aggression but by value systems and spirituality of its own or the systems of Buddhism, Jainism, Sikhism and Sufism it spawned. The spread of Hinduism in East Asia and Buddhism throughout Asia and other parts of the world are testament to controlling aggression but spreading one's views widely nevertheless (Sridhar and Mattoo 1997).

(ix) Greater Importance on Knowledge Based Enterprises: Knowledge-based enlightenment relating to all aspects of lifemind, body and soul-has been of general importance from the beginning of the recorded history. Great universities make it possible to develop biological, chemical, communications, mathematical, and metallurgical sciences and technologies spawned by them for production, distribution and consumption of goods and services. So it is not a surprise to see the success of industrialized countries today in an international open exchange environment of business and democratic systems. Innovation, risk-taking, political and scientific institutions and entrepreneurship grow out of the growing knowledge base. The group of OECD countries today can be called knowledge-based societies and therefore the societies with the highest material progress. As presented above, it is the systems of knowledge creation that have sustained the Indian civilization. We can see it today when knowledge-based IT, pharmaceutical, and manufacturing industries are expanding their world-wide connections through trade and investments. The historical spice, silk and textiles and jewelry remain the core export industries of India while the new IT, medicine and manufacturing are connecting the Indian economy to the world economy more than ever before. India is regaining its historical connections to the rest of the world as a part of the one global family and economy (Mulraj 2005). The evidence is strong in India that nearly all of the recent progress is in knowledge-based activities and industries. India and China are only the latest examples of the power of a highly educated labor force, albeit a small fraction of their population. India invested in education following its independence from Great Britain in 1947.

Education became available to only a fraction of the large population but India made a wise choice in building engineering colleges, technical institutes, medical schools, business schools, science programs, and comprehensive universities. Most of these were created with development assistance funds and advice from all major industrial countries such as the United States, the United Kingdom, the former Soviet Union, Germany, Sweden, Canada, and others as it built its education system. Some of the graduates of these institutions went on to be a part of the Silicon Valley and other American industries.

Educated Indians are found everywhere in the world including the United States where more than sixty percent of them have higher education. They represent all regions and universities in India from Chennai and Kerala in the South to Jammu and Kashmir on the north, and Rajasthan and Gujarat in the west to Orissa, West Bengal, Assam and northeast states in the east. It is not dissimilar to the export of mathematics from India to the near east, specifically Baghdad, in the

ninth century which spawned the Arabic numerals. The Internet e-mail and many other new IT services have been likewise created by Indians in America and India in the twenty-first century in creating the IT revolution business processing organizations (BPO) in India and elsewhere.

(x) Satisfaction from balance between the physical, mental and spiritual lives:

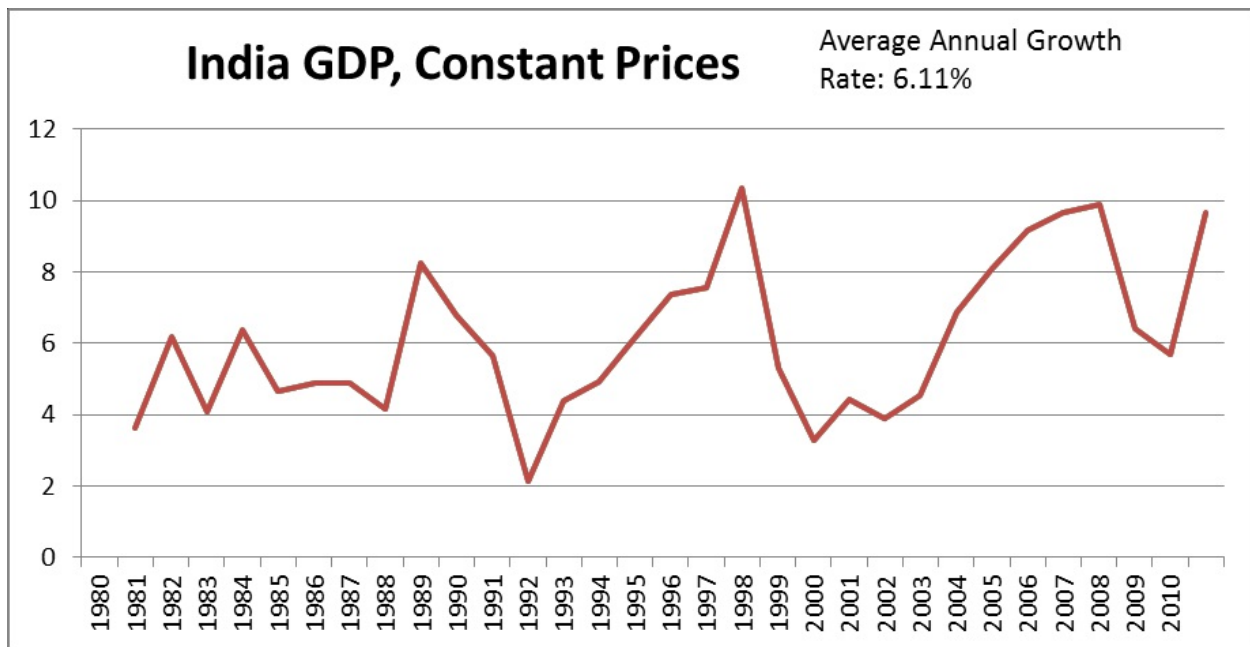
In dealing with the basic questions of life, living and death the Vedic system has developed a harmonious and holistic view of the physical, mental and spiritual which has allowed it to be perhaps relatively happier and more peaceful than other systems while sustaining itself over the longest time period compared with other religious systems. This is even more remarkable given the size of its population and geographical area of influence from the Near East, Eurasia, to the Far East, China, Korea, Japan through Hinduism and Buddhism.

It is the systems and general equilibrium approach that is the strength of the Vedic system and culture which allows for the interplay between the three elements of the spiritual, physical and mental to create a peaceful existence and experience (Sri Aurobindo 1958, Kashyap and Sadgopalan 1998, Drake 1968). It is the harmonious relationship among all things, nature and people that is central to the Vedic and Hindu cosmic view of life and living which gives it the broadest of perspectives to adapt, assimilate and sustain unlike any other religious experience and cultural milieu.

The establishment of the four-fold objectives—dharma (abiding laws), artha (earning of wealth), kama (fulfillment of desires) and moksha (achievement of the state eternal bliss and non-life)—as the goal of not only individuals but also a society provides a balance between the physical, mental and spiritual lives in Vedic Hinduism (Prasad 2011).

India has the image and a good bit of substance in being a representation of balance between the physical, mental and spiritual. The continuous search for balance will act as breakers in the pursuit of higher economic growth rates. The dominant Hindu, Buddhist, Jain and Sikh traditions in India will continue to seek material progress within their spiritual traditions instead of somehow abandoning them to become material-centric humans. The Islamic tradition in India today is so unlike the aggressive invaders from the Mediterranean to Afghanistan from the tenth to the eighteenth centuries that the spiritual and lifestyle values of Muslims are no different than the other spiritual traditions. So it is difficult to visualize ‘animal spirits’ to propel Indians of any persuasion to be economically, and parenthetically militarily, aggressive. After all even Western societies are trying to be less aggressive than in the past.

Fig. 14.2



14.2 Globalization and Its Impact in the Twenty-First Century

If the value and cultural system of Hinduism (Vedic) are generally taken to be governing elements of economic progress in India

Fig. 14.3

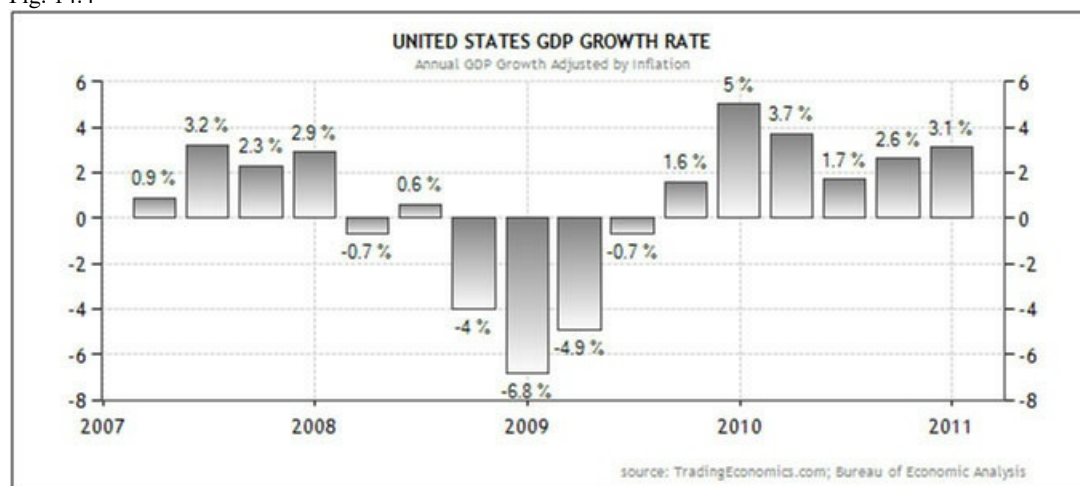


then the reestablishment of the paradigm of openness inside the economy and its active openness with the rest of the world is a harbinger of activism in trade, investments, and engagement with the rest of the world to build external confidence in the Indian economy (Denison 1967, Kaushik 1996).

India is marching forward consistent with its long and successful history with the underpinnings provided by the Vedic system. India is opening back to its historical state of an open economy. Economic liberalization, including industrial deregulation, privatization of state-owned

enterprises, and reduced controls on foreign trade and investment, began in the early 1991. It has helped accelerate the country's growth in the short term to more than 6% per year since 1980 (Chart 2).

Fig. 14.4



From 2004 until 2010, India's average quarterly GDP Growth was 8.40 percent reaching an historical high of 10.10 percent in September of 2006 and a record low of 5.50 percent in December of 2004. The Gross Domestic Product (GDP) in India expanded 8.20 percent in the fourth quarter of 2010 over the same quarter, previous year.

GDP growth in India has accelerated to an average of 8 percent annual rate from the second quarter of 2007 to the first quarter of 2011 (Chart 5). It would be desirable that this high rate of growth continues for a long period of decades. Long history, however, would indicate regression to the very long term trend line of 3 to 4 percent.

Consistent with the analysis of the sustainability of growth at 3 to 4 percent a year, or the Hindu Rate of Growth presented above, the U.S. economy grew by an average of 3.8% from 1946 to 1973, while real median household income surged 55% (or 1.6% a year). The economy since 1973, however, has been characterized by both slower growth (averaging 2.7%) and nearly stagnant living standards, with household incomes increasing by 10%, or only 0.3% annually. The worst recession in recent decades, in terms of lost output, occurred during the 2008 financial crisis, when GDP fell by 4.1% from the spring of 2008 to the spring of 2009. Other significant recessions took place in 1957-58, when GDP fell 3.7%, following the 1973 oil crisis, with a 3.1% fall from late 1973 to early 1975, and in the 1981-82 recession, when GDP dropped by 2.9%. Recent, mild recessions have included the 1990-91 downturn, when output fell by 1.3%, and the 2001 recession, in which GDP slid by 0.3%; the 2001 downturn lasted just eight months. The most vigorous, sustained periods of growth, on the other hand, took place from early 1961 to mid 1969, with an expansion of 53% (5.1% a year), from early 1991 to late in 2000, at 43% (3.8% a year), and from late 1982 to mid 1990, at 37% (4% a year).

US GDP growth was 2.3 percent in 2007, negative 2.7 percent in 2008 and 3.1 percent in 2009 (Chart 4). In the most recent period, real gross domestic product – the output of goods and services produced by labor and property located in the United States – increased at an annual rate

of 2.61 percent in the fourth quarter of 2010 and 3.1 percent in the first quarter of 2011.

There are pockets of discontentment and partial negative impact of globalization, as in any dynamic system, but for the most part economic progress is more of a condition resulting from outsourcing and globalization. Countries in East Asia such as Singapore, Taiwan, Hong Kong, Malaysia, Indonesia, Thailand, and South Korea, benefited from their investment in education and technology and open economies. They laid the foundation of their human capital base in the second half of the 20th century following the successful pattern of development of Europe, North America, and Japan in the 19th century. India is now experiencing the positive results of expanding economic, political and strategic connections to increasing number of countries. This Vedic philosophy and approach to the world will help India sustain itself in the future as it has done in its long history.

The world as a whole and the advanced economies group reinforce the long-term growth rates in the US and India as well from 1996 to 2010, as reported by the International Monetary Fund. The emerging markets and developing markets (including Brazil, Russia, India, China) have higher rates in the same period (Table 1). It remains to be seen whether 6 to 10 percent rates can be sustained over 30 to 50 years and longer. We are hopeful but doubtful.

14.3 Conclusion

The evidence is clear, as we say apply the above analysis to India that nearly all of the progress is in knowledge-based activities and industries. India and China are only the latest examples of the power of a highly educated labor force albeit a small fraction of their populations. India invested in education following its independence from Great Britain in 1947. Education became available to only a fraction of its large population but India made a wise choice in building engineering colleges, technical institutes, medical schools, business schools, science programs, and comprehensive universities. Most of these were created with development assistance funds and advice from all major industrial countries such as the United States, the United Kingdom, the former Soviet Union, Germany, Sweden, Canada, and others as it built its higher education system. Some of the graduates of these institutions went on to be a part of the Silicon Valley and other American industries. Therefore, building up of human capital and operation of the market forces with support from social, political and business institutions are the key characteristics to be developed for economic progress in India.

Building up of human capital and operation of the market forces with support from social, political and business institutions are the key characteristics developed for economic progress in India in its long and sustainable journey as part of the global family. Our discussion should not be interpreted to imply that high rates of growth currently achieved in India are undesirable or should be reduced.

The long-term key driver of India's continuity and sustainability is the Vedic foundation on which its value systems and culture are based. The United States has many of the same cultural characteristics of openness, assimilation, broad view, and long-term perspective in addition to the focus on science and education, innovation and entrepreneurship. The proximity of long-term growth rates in India and the US is impressive.

Acknowledgment

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Table 14.3. India's Real GDP Level Year GDP Constant Prices

1980	3.626
1981	6.176
1982	4.072
1983	6.365
1984	4.647
1985	4.891
1986	4.88
1987	4.153
1988	8.258
1989	6.81
1990	5.63
1991	2.136
1992	4.385
1993	4.939
1994	6.199
1995	7.351
1996	7.56
1997	10.328
1998	5.288
1999	3.273
2000	4.44
2001	3.885
2002	4.558
2003	6.852
2004	8.106
2005	9.167
2006	9.658
2007	9.886
2008	6.396
2009	5.678
2010	9.668

Chapter 15

Role of Hinduism in India's Population Problem

Kishore G. Kulkarni and Chang Yi *

15.1 An Introduction to India's Overpopulation Problem

India had a population one-third less than that of China's a century ago. India is now projected to surpass China in population size by 2050 and will remain as the most populous country in the world thereafter (United Nations 2003). The Population Reference Bureau (PRB) estimates the Indian population to be 1,188,800,000 in mid-2010, with an average annual growth rate of 1.4 percent from 2007–09 according to the Asian Development Bank (ADB). These population estimates and growth rates make assumptions about declines in future fertility, improvements in mortality, and migration into or out of an area. Given the notorious difficulty of statistically accounting for informally employed women and young children, population estimates and projections are likely to be undervalued. Thus, based solely on the

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numbers, there is a real possibility of misrepresenting the seriousness of India's population explosion threat. The aim of this chapter is to uncover the real nature of the population problem facing India today. In particular, the influence of religion will be examined for its effects toward desirable declines in fertility. It will be argued that religion has an indiscernible effect on both demographic and economic outcomes, somewhat due to the nature of Hinduism and Islam, but largely as a consequence of the dominant social and economic drivers of higher fertility and economic development.

The process involved in the decline of fertility rates to replacement levels has been called the "demographic transition." The demographic transition attempts to explain why all presentday developed nations have passed through the same stages of modern demographic history. According to Todaro and Smith (2006, 275), Stage 1 of the demographic transition is described as the period before economic modernization, wherein countries have stable or slow growing populations due to the combination of high fertility and high mortality. Stage 2 begins with modernization, indicated by improvements in health, nutrition, income, etc., all of which lead to a drastic rise in life expectancy not accompanied by a correspondent decrease in fertility. As a result, the prolific combination of lower mortality and high birthrates leads to major expansions in population size. This stage marks the beginning of the demographic transition. Stage 3 is entered when forces of modernization and development bring about a decline in fertility. Eventually lower birth rates converge with lower death rates to create a population with little to no growth. As is evidenced by falling population growth rates since the 1960s (about 2.3

percent) to 1.3 percent in 2008 (World Bank 2010), India appears to be in Stage 3 of the demographic transition, albeit at the early stages of the process toward reaching stabilization in population growth.

Despite encouraging declines in population growth, the absolute number added to the already resource-strained nation every year is still staggering. The population still grows by one million more births than deaths every three weeks (Diamond-Smith and Potts 2010). According to Todaro and Smith (2006, 292–93), the latest population growth studies suggest that the potential negative consequences for development include a lowering of per capita income growth, increased suffering (especially on the part of landless rural poor women), restriction of opportunities for parents to educate all their children and a lowering of the quality of education on a national level, higher risks of pregnancy and child mortality, difficulty with present technological limitations of feeding the growing population, environmental degradation and resource depletion, and increases in legal and illegal migration to find work. Given these frightening implications, the focus of this chapter is to understand the “true nature” of India’s population problem, to examine the influence of Indian religion on both the demographic process and the economy, and to propose solutions that can directly confront the problem of overpopulation.

15.2 History of India’s Attempts at Population Control

India is the second most populous country in the world, with one-sixth of the world’s population, yet it has no more than 2.5 percent of global land. This is despite the implementation of a national family-planning program immediately after the state’s independence in 1949. In those early days, “population control” assumed an exigent tone due to Malthusian warnings of an impending population explosion.

The Malthusian view is that population expansion would likely impede economic growth because it would place pressures on available resources, resulting in a reduction of per capita income (PCI) and resources such as food. This, in turn, would result in deterioration of the quality of life.

Living in a resource-poor country with high population density, the nation’s planners recognized in the 1951 census the potential threat posed by population explosion and the need to take steps to avoid this crisis. They believed that population stabilization was an essential prerequisite for sustainable development that would improve the quality of life for their people. The National Family Planning Program in 1952 was started with the objective of “reducing birth rate to the extent necessary to stabilize the population at a level consistent with [the] requirement of national economy” (Ramachandran et al. 2010). Replacement level fertility is often referred to as the “two-child norm.” When couples have two children, they merely replace themselves, not increase the size of successive generations. Once reached, a population will eventually cease growing and enter a “zero-growth” condition.

In 1975, Indira Gandhi, the prime minister of India, citing national security concerns due to the recent war with Pakistan, instituted an “Emergency” period. Gandhi had been influenced by the demographic transition theory, which suggested that only as couples became richer and better educated would they choose to have fewer children (Diamond-Smith and Potts 2010). The Gandhi government thus instituted the National Population Policy, which aimed to cut

population growth quickly. India's population had almost doubled since independence and the poor-quality family planning services that did exist were being adopted slowly. According to Diamond-Smith and Potts, local officeholders were placed under a great amount of pressure to reduce birthrates, including being required to achieve targets for sterilizations. Within months men were being rounded up for vasectomies.

This horrific period lasted for less than two years with an estimated 8.25 million people sterilized between 1976 and 1977. Yet, it did not make the slightest dent in the slope of fertility decline. Fertility continued to fall at about the same rate in India as a whole. In 1971, the Medical Termination of Pregnancy Act made abortions legal, but most abortions remained unsafe especially in the northern states. Today, the southern states have shown dramatic declines in fertility, while the northern states for the most part have not. Diamond-Smith and Potts (2010) argue that the decline in fertility in the south is largely attributable to access to family planning including voluntary sterilization in a culture with other indicators that people would have fewer children, such as lower levels of son preference and higher women's status, workforce participation, and education levels—factors that will be explored in the following sections of this chapter. Some of the states with the greatest fertility declines also have very strong family planning media programs, which focus on norm changing as well as education about family planning.

In the absence of coercive policies, India's fertility rates continue to decline as a whole, although many barriers restrict voluntary choices in the poor northern states: lack of modern contraceptives, strong cultural tradition of large families, and difficulties in providing health services to a population overwhelmingly living in rural areas. Since the days of forced sterilizations a more humane approach emerged, stressing the notion that economic development is the best contraceptive. This approach assumed that economic growth would automatically reduce poverty and slow the rate of population growth. However, experiences in the rapidly growing economies of the developing world revealed that economic growth alone did not lead to the sweeping improvements in standard of living as the theory promised. Economic development today is supplemented by direct action in public health, elementary education, and social security. However, doubts have also been expressed about the ability of the social development approach alone to foster an adequately rapid slowdown of population growth. Thus, Dreze and Murthi (2001) have drawn attention to the successes of Bangladesh in achieving rapid fertility declines by placing more emphasis on vigorous family planning programs than on social development. Clearly, nothing less than a comprehensive approach to the problem of overpopulation can respond to the multifaceted issues emerging in its wake.

To India's credit, her progress in demographic transition has been slow but sustained, unlike some other developing nations. The decline in population growth once started has been unrelenting since the mid-1960s. In 1950, Indian women averaged about six children in their lifetimes. Today, the average TFR (Total Fertility Rate) has dropped to 2.7 (Asian Development Bank 2008). Despite a horrific history, family planning has become more widely practiced in India, which is perhaps attributable to rising incomes among the rising middle-class and somewhat improved conditions among a significant fraction of the poor. Regardless of what is claimed to be the cause of fertility decline, it is widely accepted that a reduction in family size would serve to benefit this increasingly crowded nation. Declines in fertility are unmistakably associated with the synergistic operation of socioeconomic development and proactive family

planning programs.

The success of family planning programs in India depends on factors such as literacy, cultural practices, societal status of women, and socioeconomic circumstances of the region where couples live. The population of India consists of a very large proportion of children (32 percent according to PRB, < 15 years old) and persons of reproductive age. Because of the large reproductive age group (population momentum), the population will continue to grow even when replacement level of fertility is reached. The long road toward population stability has many alternative routes. It is the moral responsibility of policy makers and development planners to find the most efficient means of reaching this end, keeping in mind the real vulnerability of an overpopulated India.

15.3 Theoretical Approaches to Religion

The analysis of Calvin Goldscheider must be the starting point when discussing the role of religion in demographic behavior. Goldscheider (1967) argued that explanations of religion's influence rely on two arguments. First, the "characteristics approach," which maintains that socioeconomic factors could explain the difference in behavior in different religious groups; and second, the "particularized theology" hypothesis, which argues that differences in behavior are directly the result of variable religious teachings. Goldscheider is also accredited with the attention drawn toward more broadly based norms of behavior, to which specific religious teachings are only a minor influence. He also brought attention to the social status of the religious communities being studied.

Iyer (2008) also explains that there are theories that typify the "rational choice" approach to religion and development. This approach considers the resilience of religion as a rational economic response to changes in the political, ecological, and economic environments in which religions operate. Structural theories of religion encompass family socialization, social networks, and belief in otherworldly or supernatural elements. The concept of religion as social/spiritual capital embodies the norms, networks, and sanctions exercised by groups that are organized on the basis of religion and religious networks. Religious capital is said to affect output by changing the manner in which technology and human capital are used. Religious forces are important because they change the environment in which individuals make choices by changing the benefits of goods (including children when they are viewed as commodities).

Vinod (2007) argues a low sex ratio of females at birth will have an impact on the status of girls in the dowry market in about 20 years and will improve the status of women. Also fewer female births will reduce the number of females in the reproductive age group and will only help the overall population problem of the world. However most policy makers are bent on forcing families to have unwanted daughters, who are likely to be mistreated and will certainly lower the status of women in that family. In a fascinating chapter, Kuznets (1980) examines the relationship between income distribution and population growth in less-developed countries. Kuznets had a special interest in exploring the effects of social factors on population growth. He even has commented in his classes at Harvard University that the removal of the ban on widows remarrying can also have an effect on India's population growth!

The distinguishing feature of religions among other social institutions is that they usually have normative moral codes meant to guide human behavior. Certainly, an important distinction must

be drawn between two categories of values: specific rules that regulate particular behaviors, and broader principles that influence behavior indirectly (McQuillan 2004). The Abrahamic faiths (Judaism, Christianity, Islam) are most commonly associated with explicit rules regulating particular behaviors; whereas major Asian religions (Buddhism, Hinduism) do not attempt to articulate obligatory codes of conduct for their followers. Having first distinguished the type of moral code articulated by the religion in question, the goal is to answer the query, “Does Indian religion harm India’s present and future prospects for successful development by exacerbating population growth?” And if not, what does? Does Indian religion directly hinder economic development? These are questions to be explored in the following sections.

15.4 A Primer on Hindu and Muslim Worldviews

According to the 2001 Census, Hinduism accounted for 80.5 percent of the population of India with Islam at 13.5 percent. While a superficial view of the two major Indian faiths would suggest very different religions, a more in-depth look would suggest many similarities. Of interest to our study are the theological positions related to reproduction and the recommended social organization influencing economic development, drawn from the Sharia, or Islamic law, based on the Qur’an and Sunnah, or from Hindu texts such as the Vedas and Upanishads, the epic poems Ramayana and Mahabharata, social commentaries like the Arthashastra or Kautilya, and verse poems praising Hindu goddesses such as the Lalita-sahasranama and the Sri-sukta (Iyer 2003).

Hinduism is often referred to as Sanātana Dharma (meaning “the eternal law”). The Hindu religion includes a wide range of “everyday morality” based on the notion of karma and societal norms. Implicit in Hindu morality is the passive acceptance of societal norms, as opposed to the active resistance to prevalent social customs. Hinduism conceives the whole world as a single family that deifies one truth, and therefore it accepts all forms of beliefs and dismisses labels of distinct religions that would imply a division of identity (Robinson 2010). Prominent themes in Hindu beliefs include dharma (ethics/duties), samsara (continuing cycle of birth, life, death and rebirth), karma (action and subsequent reaction), moksha (liberation from samsara), and the various yogas (paths or practices). Hinduism does not have a single theological system, a single concept of deity, a single system of morality, a central religious authority, or a single holy text. This lack of central religious authority, a trait shared with Islam to a small degree, makes the communication of any normative value and the promotion of compliance very difficult. Thus, Hinduism does not make binding statements about fertility or the ideal social structure. The unobligatory nature of Hinduism’s teachings allows room for liberal interpretation of religious texts in its everyday application. However, the monotheistic faith tradition of Islam is fundamentally different in its nature, and as a consequence, in its prescriptive directness.

Muslims believe that there is one God and that the purpose of life is to worship Him. The religion of Islam is believed to be the final and complete version of the one true faith revealed to the Prophet Muhammad. Religious practices include the Five Pillars of Islam, which are five obligatory devotional acts of worship (prayer, fasting, alms-giving, pilgrimage, profession of faith), and Shariah law applies to every aspect of life. Islam does mandate adherence to a particular set of behavioral norms; however, given its absence of a centralized religious authoritative interpretative body, there are no universally applied views on the issues of concern here. As a religious minority group in India, the aspect of religious identity certainly plays a

major part in the promotion of value compliance within the Muslim community, perhaps in efforts to distinguish itself from the dominant Hindu society.

15.5 Religion and Reproduction

It has been well documented that Muslim fertility is significantly higher than Hindu fertility—approximately a difference of one child per woman (Sharif 1999). Could the explanation for this difference be a contrast in the theological substance of these respective religions? As mentioned before, the two faiths are very similar with respect to their germane views on fertility. It is quite clear that both Hinduism and Islam encourage marriage. Classical Hindu texts such as the *Nitimanjari* argue “Home is not what is made of wood and stone; but where a wife is, there is a home” (Iyer 2003). A description describing the closeness of the spouses to each other is found in the Qur’anic verse that says: “they are your garments and you are their garments” (Surah Al Baqarah 2:187). It is popularly believed that because Islam permits a man to take multiple wives, father large numbers of children, and unilaterally divorce his wife, high fertility is encouraged in Islamic populations. But as will be discussed further, what is permitted by a religion does not necessarily translate into layperson understanding and practice.

The Hindu scriptures outline “three debts” that individuals are advised to pay: to the sages by Vedic study, to the gods by sacrifices, and to the ancestors by off-spring (Radhakrishnan 1947, 150–51). Here we see a Hindu belief related to a duty owed to one’s ancestors. The bearing of large numbers of children fulfills one’s duty to ancestors and serves as a sign that those who produce children have been specially favored (McQuillan 2004). Infertility and sterility are viewed as punishments inflicted by the ancestors or gods on evildoers. Because women are held responsible for the failure to produce children, mothers likely derive particular status from giving birth to lots of children.

A parallel feature of Muslim societies that tends to increase fertility is that Muslim women gain respect and status within their own kin group and community when they have children (Youssef 1978). This is because children represent a form of social insurance against the threat of divorce or polygamy, because women derive status from motherhood even when divorced or rejected for a second wife. Parents expect to derive considerable benefits from sons in the form of old age care, in terms of cultural considerations, and possibly also in the form of contributions to family income earlier in life. There is also great emphasis in Hindu philosophy on children and especially the role for surviving sons. The Mysore Population Study (1961) described one of the traditional Vedic blessings for married women popularly used in Karnataka, “May she bear ten sons, and make of her husband an eleventh!” There is substantial evidence of encouragement of prolific childbearing on the part of both religions, but do they indicate a purely religious motive for high fertility outcomes?

For all their similarities, Hinduism and Islam do differ on control of births. In Islam, it is generally believed that the Sharia forbids family planning in any situation. But on a practical level there is room for interpretation. The position of Islam on birth control and abortion depends very much on the interpretation of the different schools of Islamic jurisprudence (Obermeyer 1992). According to this view, some schools of Islamic jurisprudence do permit abortion up to the time when the fetus is regarded as being “ensouled,” a definition that varies to include up to the 120th day of pregnancy, depending on the school, after which abortion is prohibited by all

schools (Obermeyer). In Hinduism, limiting births is never directly condoned or criticized. There are ancillary references to the control of birth, but in the context of norms about abstinence and multiple partners.

It can be argued that the higher fertility rates observed in Muslim Indian women can be attributable to the prescriptive nature of Islamic law, however given, the difference between a strict interpretation of the Qur'an and the Sunnah and the real-life perceptions of the Muslim faithful, the purely theological explanation and effect of Islamic doctrine is a highly questionable one. Factors such as the lowered social status of Muslims in India, limited access to services due to religious discrimination, and greater prevalence of poverty among Muslims, among other factors, serve as more plausible explanations of greater fertility rates in Muslim communities. The nature of the Hindu faith is one that lends itself to personal interpretation. Although it certainly is defined by its central tenets, it places the bulk of personal moral responsibility in the hands of the individual. We conclude that theological content likely has little to do with the actions taken by Hindu and Muslim women in making reproductive decisions.

In support of this view, Iyer (2003) documented a small sample survey examining the manner in which religious women in a South Indian village translated the textual theology of their respective faiths into practice regarding their fertility decisions. According to those surveyed, "God's will" was not an important reason for marriage. Remarriage and divorce were not popular, despite theological teachings allowing it, suggesting that the women were guided by local norms rather than religion. When asked the question, "Does your religion permit contraception?" and "Do you agree with the position of your religion on birth control?" 4 percent of Hindus and 32 percent of Muslims disagreed with their religion's position on contraception. These findings confirm that even Muslims, despite the obligatory nature of adherence to Sharia law, made personal, nonreligious value judgments about contraception. Thus, it is essential to understand the manner in which scriptural theology is being interpreted on the local level in order to draw any conclusions about religion's impact on any type of behavior. If the religion effect is not defined by its scriptural substance, we would argue that the contribution of religion to demographic outcomes cannot be appreciably distinguished from other social influences, thus, making this distinction irrelevant, or at the very least, subject to greater scrutiny.

The same study found that women were more autonomous when it came to decision making within the household than about income-earning work or money, and it was the role of "custom" that was deemed significant in dictating these decisions. In addition, the demand for children was governed mainly by their potential contributions to household and market work. From this example, the operation of economic rationality, not supernatural idealism, is quite evident. In terms of food, education, or healthcare allocation among children, not a single mother said that she would prefer to give her girls more compared to her sons. While the women in this study express relatively "progressive" views about marriage and birth control, they are much more "conservative" in their allocation of resources between sons and daughters—behavior that does not vary much with respect to religion. The joint decision making about education for their children is the only exception where custom breaks with tradition. All of this suggests that the "characteristics" hypothesis is the far more plausible explanation for religious differences in fertility in India. Furthermore, the most pronounced difference in all of India is not between Hindus and Muslims, but between Hindus and Muslims in the North versus the South. Thus regional disparities in custom and socioeconomic condition likely matter more than religion in

explaining fertility differentials in India (Sen and Dreze 1995).

The so-called “characteristics hypothesis” argues that fertility differences between populations reflect socioeconomic differences such as in income, education levels, or minority group status. Poverty is generally greater among Muslims than among Hindus and Christians (Sharif 1999). According to Iyer’s (2003) research, a one-unit increase in education decreased fertility for Muslims much more than for Hindus. Greater access to water and fuel infrastructure reduced fertility particularly among Muslims, revealing what is a significant discrepancy in access to the essentials for survival and social development. As is evidenced by the socioeconomic analysis of the differences between Hindus and Muslims, any differences in fertility are far more likely to be attributable to dissimilarities in income, access to services, and regional customs.

15.6 Hindu and Muslim Views about Women

Both religions ascribe a lower status to women in relation to men. However, the degree to which these respective religions actively advocate a subordinate role for women is debatable. As is argued by many modern religious scholars and adherents to both Islam and Hinduism, the cultural norms depicted in the sacred writings of their religions are more representative of the ancient times than the actual substantive “spirit” of their core teachings.

In scriptural Islam, men are awarded a more prominent position than women, and sons were typically given twice the inheritance of daughters. A man’s testimony in court is also worth twice that of a woman. Obermeyer (1992) argues that Islamic women tend to be restricted to a lifestyle that guarantees preservation of “family honor and prestige.” In scriptural Hinduism, women are viewed as being equal to men within the family to a greater extent than in scriptural Islam. The Reg Veda says that “The wife and the husband are equal in every respect” (Radhakrishnan 1947, 61). The general Hindu view of woman is an exalted one—it regards the woman as the helpmate of man in all his work: *sahadharmini*. But in reality the Hindu scriptures mainly see women in relation to men, and give them status as being an “equal,” having an “exalted position,” as acting as a “helpmate” only within marriage and the family, with few autonomous roles assigned to them outside the domestic domain.

The Hindu scriptures also put forward the view that because child rearing takes up parental time, women need not be “burdened” by having to shoulder the economic responsibilities of the family, but that the latter is to be undertaken by men (Radhakrishnan 1947). Iyer (2002) argues that it is this religious notion of a woman’s self-sacrifice that is reflected even today in the unequal distribution of food and healthcare allocations between men and women, sons and daughters, high birth order and low birth order children, which many economists and others have observed in analyzing intra-household resource allocation in India. The woman’s apparent devaluation in comparison to men and the consequent lack of autonomy has implications for fertility, sex ratios at birth, prevalence of child marriage and economic autonomy of women.

The discussion of religion’s influence in creating the societal structure wherein women are placed beneath their male counterparts must begin with the distinction between prescriptive Islamic law and descriptive Hindu “advice.” We would easily argue that Hinduism is responsible for the cultural subordination of women to the extent that it does not have an authoritative voice, or an institution (other than the larger Hindu society) to enforce gender equality. Hinduism is guilty of a passive acceptance of a social order shaped by other social influences. On the other

hand, Muslim communities in India, as a vulnerable minority, may view their customs as central to their identity. Thus, despite the prescriptive nature of their moral law, the dominant social experience of Muslims is likely the reason they may be unwilling to part with traditional customs and give in to outside pressures of modernization and to the political pressures of a perceived-to-be “Hindu” secular government. In other words, the social standing of women perceived to be taught by these religions has little to do with dogma and more to do with long-standing traditions or customs and the surrounding socioeconomic environment in which poor Indians reside.

15.7 Male Preference and Population Distortions

In conjunction with the broad awareness of the benefits of reduced family size has emerged the problem of male preference. The National Family Health Survey III reported that 20 percent of men and 22.3 percent of women prefer sons more than daughters. The strong preference for sons is especially evident in some Indian states, but the practice of sex-selective abortion to ensure a male child has been documented in many parts of India. Sharma and Haub (2008) state that although sex-selective abortion was widely known by the time of the 2001 Census, the census results brought additional publicity to the issue when it showed the sex ratio of the total population ages 0 to 6 was just 927 girls per 1,000 boys, down from 945 in 1991. The situation had deteriorated to the point where one district, it Fatehgarh Sahib in Punjab state, had a ratio of only 754 girls for every 1,000 boys under age seven. It has been well documented that high levels of son preference contribute to higher fertility.

We believe the preference for sons has deep roots in India for cultural and economic reasons, but not so much for religious ones. Once a daughter marries, she leaves the parental home to live with her in-laws. She is perceived to be of little economic benefit to her parents and will not support them in their old age. Additionally, a daughter’s wedding can be a serious financial drain for parents: the payment of an excessive dowry to a groom’s parents remains virtually universal despite laws prohibiting it. A further motivation for a son over a daughter is the belief among Hindus that it is essential for a son to perform rituals at his parent’s cremation and at every death anniversary thereafter.

According to Sharma and Haub (2008), the situation in India has begun to improve. This improvement is due to efforts by the central and state governments to discourage the abortion of female fetuses, including the passage of the Pre-Natal Diagnostic Techniques (Regulation and Prevention of Misuse) Act In 1994, which outlawed the practice. Sex-selective abortion has been primarily used by wealthier Indians who can afford the ultrasound fee of 500 rupees (\$12) to determine the sex of a fetus (Sharma and Haub). The increasing availability of ultrasound has been linked to the sharp rise in the ratio of male births to female births in recent decades. Female infanticide continues to be practiced in the poorest areas, although its extent is unknown. Sen and Dreze (1995, 385) found that higher levels of poverty are also associated with lower levels of female disadvantage in child survival. This is consistent with the hypothesis that anti-female discrimination is particularly strong among the privileged classes. It is disturbing that the increased access to advanced medical technologies such as ultrasound, when combined with a cultural devaluation of women, can result in the intentional murder of thousands of female children every year.

The National Statistics Office (2007) states the sex ratio in urban areas is still low at 901 females

per 1000 males and the sex ratio of the 0–6 age group has declined sharply from 945 in 1991 to 927 in 2001. These findings may be indicative of the exacerbating effect the growth in per capita income has had on gender selectivity at birth. Proponents of decreased fertility should be concerned that the combination of increasing wealth and low fertility will actually exacerbate the sex ratio problem. When couples limit their family to two children and they want to make sure that at least one is a boy, they may be more open to aborting a female fetus. Often states with the lowest TFRs will also have the greatest imbalance in the ratio of boys to girls. For example, Punjab—with India’s most unbalanced ratio of boys to girls—has a TFR of just 2.1 lifetime births per woman. The southern state of Kerala has had a sex ratio at birth below 900, suggesting a strong preference for sons. That state’s TFR is only 1.7. Sharma and Haub (2008) discuss how its southern neighbor, Tamil Nadu, with the same TFR, has had an essentially normal sex ratio at birth for some time. They attribute the normal sex ratio to a particularly aggressive promotion of health, including combating sex-selective abortion. Tamil Nadu’s example shows that the despicable practice can be controlled if economic development is supplemented by an ideological campaign against male preference. Direct intervention against the practice of sexselective abortion has caused the female mortality rate in the age group 0–4 years to decline to 17.7 in 2006 from 20.6 in 2000 (National Statistics Office).

15.8 Religion and Economics

In this section the influence of Hinduism on economic decision making will be explored. Due to the relative economic disadvantage faced by Indian Muslims, a far more convoluted investigation of Islamic economics will be passed on for further study elsewhere. The essential doctrinal features of Hinduism influencing socioeconomic behavior are the aforementioned: samsara, the belief in rebirth; karma, the belief that actions in one life determine well-being and status in the next; and dharma, what one’s behavior must be in the life status one was brought to by karma (Robinson 2010). In order to improve one’s lot in life, duties must be performed without aspiration for anything more, and people must properly fit into the caste system, hoping for a reward in the next reincarnation. Another characteristic of the Hindu value system that is economically relevant is the emphasis on asceticism. The ultimate goal in Hinduism is moksha, salvation via release from karma, the cycle of eternal rebirths. The concept of moksha establishes as the ultimate ideal absolute “wantlessness” or renunciation. The degree to which these particular beliefs influence the decisions of rational economic actors is difficult to discern; a detailed discussion of which is beyond the scope of this chapter.

For a classic analysis of economics and religion we turn to the German political economist Max Weber, most famous for *The Protestant Ethic and the Spirit of Capitalism* in which he argued that the Protestant Reformation triggered an ideological revolution making possible the advent of modern capitalism in the West. Iannaccone (1998) explains that the Protestant ethic involved the diligent undertaking of one’s calling as a religious obligation, which promoted an ethic concerned with increased savings, entrepreneurial activity, and frugality, which Puritanism demanded, and the literacy needed to read the scriptures, all of which in turn foster economic development. Protestantism granted approval to risk taking and financial self-improvement. In Weber’s broader study of the sociology of religion, he argued that various expressions of capitalism existed throughout history, notably in China and India, but it was only in Western Europe that “sober bourgeois capitalism with its rational organization of free labor” developed (1958a, 19–25). Why, Weber asked, did India not walk the path of enlightened Western

rationality? Weber concluded that the effects of Hinduism were “essentially negative” for India’s economic progress (1958b, 111– 12). He believed that earlier on, India was on equal footing with Europe in terms of societal organization, intellectual capability, and production output. It was only by chance that capitalism emerged in the West and not in India. He saw two differing lines of development: in India, the triumph of Hinduism over competing religions and the consequences of Judeo-Christian theology in the West (Morris 1967). Weber laid most of the blame at the feet of the caste system, which he deemed to be a rigid social structure that hampered Indian entrepreneurship and thus economic development.

15.8.1 The Influence of Caste

Hindus see the universe as an enormously complex system, each part having a specific function to be performed by a specific caste. Due to the force of karma, man is born into a specific caste with a predetermined function in life. His dharma demands performance of this particular role, a role supported by an assortment of rituals and social protections. Brahmins are the highest, performing religious functions; Kshatriyas provide protection, fighting wars and governing peace; Vaisyas are the commercial class; and Sudras are the lowest caste, created to serve all the rest (Weber 1958b, 55). Weber essentially argued that the restraints imposed by the rigid Brahmanic social structure embodied in the institution of caste prohibited the evolution toward a capitalist economic arrangement and the achievement of high rates of economic growth (Morris 1967). The implication for fertility of this ordering of society is that social mobility of the individual may be dependent on caste mobility or by the restricted socioeconomic opportunities of certain castes.

Islam has an egalitarian view of societal order whereas Hinduism has the socially structured hierarchy of caste. Both religions espouse a degree of fatalism and put a high value on asceticism and/or renunciation as the true path to spiritual growth. In India, there is a caste system even among Muslims. Weber believed that the notions of karma and dharma dampened aspiration and placed a premium on passive acceptance rather than the ideals espoused by the Protestant work ethic. He suggested that caste froze people into traditional occupations, working against the development of the causal association among individual aptitude, performance, and earnings. This is a persuasive theory, certainly worthy of further exploration. However, the fault of Weber’s argument lies in the assumption that there exists a unified, Indian-religious value system. As was articulated in the discussion of fertility, the nonprescriptive and unenforceable nature of Hindu teaching would make it difficult for the ideals of fatalism and asceticism to override the survival instinct and the entrepreneurial spirit in anyone being presented with real opportunities for personal advancement. This view, we believe, is supported by the success of microcredit programs in training hundreds of entrepreneurial low-caste members to become selfsufficient, thriving economic actors, in spite of existing religious ideals that may dampen dreams for a better life. It is difficult to sustain the notion that any singular system of values could have influenced all Indian economic behavior in a single discernible direction in opposition to economic development. There is no need to refer to anything as nebulous as an “Indian value system” to explain variability in the economic performance of present-day India.

15.8.2 Sacred Cows

An examination of Indian religion and economics, however brief, should include the practice of cow worship. Cattle are central to the Indian economy and also play an integral role in the

religion and rituals of modern Hinduism. Cattle have also assumed a political role, with anti-cow-slaughter legislation and the protection of the cow being identified with the emerging Hindutva (“Hinduness”) movement (Lodrick 2005). The philosophy of ahimsa, literally meaning “renunciation of the desire to kill or to injure,” is held by some to be the ultimate contribution to ethics from India’s major religious philosophies. Ahimsa is a passive philosophy, a means of avoiding sin (pap) and acquiring merit (punya) rather than an active expression of compassion for animals. Lodrick explains that by practicing ahimsa, one avoids the accumulation of bad karma and thus hastens one’s progress through the samsara and reincarnation towards moksha. Caste, rebirth, and the sanctity of the cow are said to be the principle tenets of modern Hinduism practiced on a popular level yet, there is not a ubiquitous adherence to belief in the sanctity of the cow in Indian society or even within the Hindu community. Beef eating is common among low caste Hindus while upper castes do adhere to the sacred-cow philosophy. Lodrick writes that vegetarian practices are often adopted by lower castes to raise their caste status.

Given the inefficiency of the Indian agricultural economy, millions of surplus and useless cattle, and the competition for scarce and declining resources in an increasingly crowded nation, the issue of cow protection has turned out to be a contentious one that has boiled over into interfaith conflict between Muslims and Hindus. Milk and milk products are a major component of the Indian diet. Cattle are a major source of tow, and cow dung provides up to 50 percent of the energy consumed in some rural areas. Beyond the economic value of cattle, cow worship, cattle-related rituals associated with festivals, beef avoidance, and institutions dedicated to the preservation of cattle and other animals all form part of the cultural landscape of modern India. Many states in India passed legislation imposing some type of ban on cow slaughter. In many instances, these have fallen short of the total ban favored by Hindu fundamentalists, and periodically episodes of violence over cow slaughter erupt in India, even to the intensity of killings. The attitudes and practices associated with cattle in India function in a cultural context with deep historical roots and will likely continue to remain a distinctive feature of Indian culture and society. With millions of people suffering malnutrition and absolute poverty, a purely rational, supply-demand analysis of the situation would question the sanity of a people who would allow their poor to starve rather than to eat all the beef allowed to roam freely. But how can one quantify the value of the cow’s symbolism to Indian culture and society in comparison to its human and social costs?

The affection for and privilege given to certain animals is quite irrational in a wide variety of contexts, even irrespective of religious ideals. For example, dogs and cats were never and will never be eaten in the developed world, whereas many Asian countries have had traditions of eating such animals. In the case of “man’s best friend,” the reason for consumption appears to be a history of hardship and poverty. The simplistic Western critique of a practice like cow worship is a morally compromised one, even if the motivation is to serve the needs of the poor.

15.9 Solutions to the Population Problem

By 2050, India will have as many people as lived in the whole world in 1800. Despite improvements in education level, expansions in health care, and declines in extreme poverty, it is still estimated that 42 percent of the Indian population live below the international poverty line (\$1.25/day PPP)—over 450 million people (World Bank 2005). Lower fertility rates, leading to slower population growth and the leveling off of the Indian population at a lower number, will

not only allow India to develop more quickly (because it will have to bring fewer people out of poverty), but it will ultimately allow the total environmental and resource footprint of the Indian population to be smaller.

Surprisingly, Dreze and Murthi (2001) found no significant relation between fertility levels and general indicators of development and modernization such as the poverty index, male literacy, and urbanization. The poverty index is negative, contrary to the notion that poverty is a cause of high fertility. If modernization and development bear no statistically significant association to fertility controls, and the secularization of Indian society would likely have little influence toward reducing population growth, what then is the proper response to the overpopulation problem in India? We believe the problem most fundamentally lies in the cultural and societal disempowerment of women. It is only through a direct confrontation with these societal inequalities that fertility and thus population will find its way towards a sustainable level moving forward. The direct promotion of child health, female literacy, and female labor force participation are likely to be more conducive to reduced fertility than are indirect interventions based on promoting the general level of economic development (Sen and Dreze 1995, 397). The education, employment, and improved health of women are the keys to tackling the Indian overpopulation problem. All of which would find absolute support in the universal religious value of attributing inherent value to all created spiritual beings.

15.9.1 Female Education

The 2001 Census indicates that only 54 percent women are literate as compared to 76 percent men (female literacy was 39 percent in Census 1991). The Central Statistics Office states that even when girls are enrolled in schools, fewer girls than boys manage to stay in school for a full 10-year span. More than 50 percent of girls drop out by the time they are in middle school. According to the National Family Health Survey of 2005–06, the main reasons females never attended school were “expensive cost of education,” “not interested in studies,” “education is not considered necessary,” and “required for household work.”

Education affects women’s abilities to make decisions about fertility because higher education significantly influences women’s status in the household relative to other family members by enabling women to make independent decisions, such as those about contraception. Iyer (2002) suggests that the aspirations and values that education can convey, which are incompatible with high fertility, are only transmitted at the high school and university levels. Dreze and Murthi (2001) propose the idea that the impact of female education on fertility can be categorized into three distinct effects, pertaining respectively to the influence of female education on (1) desired family size, (2) relationship between desired family size and planned number of births—because female education reduces infant and child mortality so educated mothers need to plan fewer births in order to achieve a desired family size, and (3) a women’s ability to achieve the planned number of births—by facilitating knowledge of and access to contraception and by enhancing women’s bargaining power within the family.

Female education can be expected to reduce desired family size for several reasons. First, educated women are more likely to express resentment against the drain of frequent pregnancies and to take action to alleviate that burden. This may be due to having other sources of esteem and gratification than reproductive performance, more control over family resources and

personal behavior, and greater involvement in reproductive decisions. Educated women are likely to be less dependent on sons as a source of social status and old-age security, and this may also lead to a reduction in the number of children desired.

Greater education, awareness, and improved standards of living among the growing younger age population would create the required consciousness among them that smaller families are desirable. If the needs for health and family welfare services are adequately satisfied, it is possible to enable the attainment of their reproductive aims, achieve a substantial decline in family size, and improve their qualities of living.

15.9.2 Female Labor Participation

Women's labor force status relative to that of men is an important benchmark of their status in society. According to the 2001 Census, women constitute 90 percent of the total marginal workers of the country. The National Sample Survey of 2005–06 revealed that the workforce participation rate of females in the rural sector was 31 percent while that for males was 54.9 percent. In the urban sector, it was 14.3 percent for females and 54 percent for males. Female labor force participation is lower for urban women, which is consistent with the idea that there are fewer work opportunities for women in urban areas.

According to the Central Statistics Office (2007), females in the economically active age group (15–59 yrs) constitute 59.5 percent of the population in 2005. In other words, women are bearing more responsibilities for earning as compared to men. Over 70 percent of India's population currently derives its livelihood from land resources, which includes 84 percent of the economically active women. However, the male household is the point of reference for economic activity. The woman continues to play the role of an input into the processes for male-controlled households in order to generate economic and social returns (Central Statistics Office).

Women work longer hours than men, and carry the major share of household and community work that is unpaid and invisible. Women generally earn lower wages than men doing the same work. It has been estimated that women's wage rates are, on the average, 75 percent of men's wage rates, and constitute only one-fourth of the family income. Also, women generally work in the informal sector where they are not covered by labor laws. Women workers are also engaged in piecework and subcontracting at exploitative rates (Central Statistics Office 2007). Research has shown that indicators for levels of development had insignificant or even negative effects on gender ratios, whereas variables directly related to women, such as female labor force participation rates and female literacy rates, had positive effects on gender ratios. Such evidence supports the notion that economies may grow without making women better off, especially poor rural women (Mammen and Paxson 2000).

According to the Central Statistics Office (2007), female contribution to agriculture—whether it be subsistence farming or commercial agriculture—when measured in terms of the number of tasks performed and time spent, is greater than men. Most of the work that women do, such as collecting fuel, fodder, and water; growing vegetables; or keeping poultry for domestic consumption, goes unrecorded in the census counts. According to the National Sample Survey of 2005–06, nearly 72 percent of the males with an education level of “secondary and above” were employed while only 22 percent of females age 15 and above in the same educational category were employed. The gender discrimination is glaringly obvious.

Mammen and Paxson (2000) argue that if women in low-income countries are largely confined to work in family enterprises, economic development that comes in the form of a new manufacturing sector may improve economic opportunities for men relative to women. As men move out of agriculture and into paid employment, and the pace of urbanization increases, there may be fewer family farms or family enterprises in which women can work: opportunities for women could conceivably decline in absolute terms. Until women can acquire the requisite schooling and transferable skills to find appropriate employment in firms in the expanding sectors of the economy, the opportunity value of women's time relative to men's time may decline.

Provided children are normal goods, increasing women's wages—or increased access to wage work—increases demand for children via the income effect, but also reduces demand because the opportunity cost of women's time rises. If rising opportunity cost dominates, increased wages or access to wage work may be responsible for fertility decline (Mammen and Paxson 2000). In determining the effect of higher female labor force participation on child survival, there are two important effects to consider, working in opposite directions. First, involvement in gainful employment often enhances the effectiveness of women's roles in society and family, including those connected with child care. Second, the double duty of housekeeping and outside employment can impair a mother's ability to ensure the good health of her children. Sen and Dreze (1995, 364) believe the double burden of household work and gainful employment also makes repeated childbearing particularly stressful. In the case of girls, a third consideration is that higher levels of female labor force participation may enhance the importance attached to the survival of a female child (Sen and Dreze, 364).

India has the second largest labor force in the world. The labor force in India will be increasing by more than 10 million per annum during 1997–2012. It will be imperative to plan for and achieve adequate agricultural and industrial growth to absorb this workforce. Increasing literacy and decreasing birthrates may result in more women seeking economically productive work outside the home. It will be important to generate appropriate and remunerative employment where excess labor is available in order to reduce unemployment-driven migration and to begin laying the foundations for a society that sees the woman as an essential contributor to the Indian economy.

15.9.3 Improved Female Health

Access to public health services may also play a role in reducing fertility, independent of education and income. Aside from direct effects through improved access to contraception, public health services may reduce fertility by enhancing child survival. These effects may be small where services are of poor quality, as is true in much of north India. High child mortality may be a particularly important cause of high fertility.

The majority of women go through life in a state of nutritional distress. Poverty, early marriage, malnutrition, and lack of healthcare during pregnancy are the major reasons for both maternal and infant mortality. High levels of child mortality tend to raise fertility by inducing parents to have more children in anticipation of losing some. According to the National Family Health Survey of 2005–06, 56 percent of women in the age group 15–19 are anemic. The Survey also found that delivery in hospitals, maternity/nursing homes, health centers, etc. is only 40.8

percent, while delivery assisted by doctors, trained “dai,” trained midwives, trained nurses, etc. is merely 48.8 percent. The Central Statistics Office (2007) reports the percentage distribution of deaths of the expectant mother due to causes related to pregnancy and childbirth shows that hemorrhage is the most common cause (38 percent). Other causes are sepsis (11 percent), abortion (8 percent), and obstructed labor (5 percent). Improving healthcare infrastructure and access, particularly in the northern states, is an essential component to the larger strategy of reducing fertility rates in the short- and long-term.

15.10 Summary and Conclusion

The answer to the overpopulation problem in India is not the secularization of society. Religion and its influences play an indistinguishable role in determining demographic behavior, with a somewhat more complicated role in influencing economic action. The approaches of the past, involving forced sterilizations, blind faith in economic growth, and an overemphasis on social development, have resulted in an unsatisfactory decline in population growth rates. Demographic change (in particular, the “demographic transition” from high to low levels of mortality and fertility) is sometimes thought of as a by-product of economic growth and rising incomes. There is much evidence of a causal relationship being involved, with rising incomes typically leading to some reduction of mortality and fertility. But recent research suggests that the “income effect” can be quite slow and weak, and that other personal and social interventions, such as female education and employment, often have a more powerful influence on demographic outcomes. It is striking that while the variables directly relating to women’s agency (female literacy rate and female labor force participation) have a strong and statistically significant negative impact on the female disadvantage, those relating to the general level of economic development and modernization in the society (poverty, urbanization, medical facilities) do nothing to improve the relative survival chances of girls in relation to boys (Sen and Dreze 1995, 393).

India is not a model of social development by any means, but many Indian states are making reasonable progress with fertility decline. This progress owes a great deal to the improvement of female literacy and the decline of child mortality, with a lot of room for improvement in all areas. Fertility decline is not just a by-product of economic growth: it depends on improvements in the specific conditions contributing to changed fertility goals and to helping parents to realize these goals. Official policy measures that could have an impact on reducing fertility in India can further education about family planning through an investment in media campaigns, institution of systems of social security to reduce the dependence on children for insurance reasons, and further action on enforcing the property rights of women. There is reason for sober optimism as India faces the demographic challenges of the 21st century. With a solemn commitment from both state and non-state actors (including religious organizations) to the constant and active appreciation of female status, effects of urbanization, unemployment, famine, etc. can be averted to create a more sustainable and prosperous Indian future.

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Impact of Past Karma and Astrology Chart on Hindu Economic Life

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This chapter reviews the economic consequences of Hindu belief in karma and astrology, while showing an overlooked link between them. Hindu scriptures explain the effect of past and current karma on one's indestructible soul, which assumes a new body with each birth. Therefore, initial endowments of a newborn are determined by past actions of the soul, whereas economists believe that this is a random variable. The soul is most likely to enter the body of the newborn at birth, providing special importance to its exact time and place. Hindus also

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believe that astrological charts (horoscope or patrikaa) based on the constellation of stars and planets at the exact time and place of birth can help predict life outcomes. In light of the special importance of the birth time mentioned above, belief in karma makes the deterministic (predictable) movement of stars and planets linked to the individual's birth-time horoscope a plausible predictor of life outcomes as a random variable. Cosmic movements being deterministic, Hindu astrologers hope to avoid the usual criticism of astrology as a spurious correlation between two random variables. In addition to listing the negative impacts of such beliefs on Hindu economic life, we find some effects that are beneficial.

16.1 Introduction

The objectives of this chapter are twofold: (1) to survey the economic consequences of Hindu belief in karma and astrology, and (2) to suggest a generally overlooked link between the two.

A belief in karma theory requires a belief in the soul and its multiple rebirths. Briefly, karma theory applies to all creatures possessing a soul. It posits that all good and bad deeds performed in the current life and all past lives strongly influence the current hedonistic and spiritual life situation and therefore the person's entire future.

Clearly, the true meaning of karma is closer to what Stanford Encyclopedia of Philosophy (2010) describes as causal determinism in Western philosophy, implying that everything is determined by past events. The reader should not be misled by the twisted usage of the phrase “bad karma” meaning “being haunted by past misdeeds” as used in Western parlance and TV sitcoms.

Superstitions abound in every culture and among unlikely intellectuals, including New York lawyers (Weiser 2011). Karma theory is deeper than everyday superstitions. If one accepts the twin Hindu hypotheses of universal justice and rebirth (big ifs), deductive logic suggests that the “karma determinism” developed by Hindu sages is consistent, if not persuasive.

The Times of India reports that the Bombay High Court recently held that “astrology is a science,” even though it is widely debunked by the scientific community around the world as fatalistic superstition. Why is it that astrology holds such a great sway with Hindus? (Vyas 2011). Walsh (2006, 5) suggests that the karma and fatalism link might be due to the “necessity of depending for survival on rains that are subject to periodic and unpredictable failure” on the Indian subcontinent.

This chapter suggests that the alleged rain and fatalism link is rather superficial. New research by Bruckner and Cicconne (2011) using empirical data from various countries shows that rainfall uncertainty leads to greater democracy. Citing political sociology, these authors suggest that economic shocks such as from rainfall failure reduce the “opportunity cost” of contesting dictatorial power. Hence it is plausible that the pluralistic and tolerant Hindu psyche is deeply influenced by rainfall uncertainty, which in turn is associated with the seasonal movement of planets and stars in myriad ways. We include new ideas regarding the link between the birth-time horoscope from astrology and past karma buildup inherited by the soul of the newborn.

The beliefs in karma and astrology strongly impact the economic energy and materialistic ambition of Hindus. The outline of this chapter is as follows. Section 2 briefly reviews the causal determinism of karma philosophy. Section 3 discusses certain deeper karma concepts in Hindu theology. Section 4 discusses fatalism and astrology, explaining the overlooked link between karma and astrology. Sections 5 and 6, respectively, consider positive and negative economic consequences of karma and astrology. Section 7 has our final remarks.

16.2 Good or Bad Karma and Causal Determinism

The Hindu definition of good and bad deeds has a lot in common with most other religions. Bad deeds (sins) include all that is corrupt, indolent, evil, hurtful, false, and sinful, especially if done with similarly bad intentions. Good deeds mean truthful, compassionate, and morally upright behavior, and include performance of rituals.

Encyclopedia Britannica (2011b, c) give details regarding the notion of the soul present in many religions. Hindus believe that life is a cycle (samsara), and the soul (jeevaatma) exits the body and lives on after a person’s death. The soul takes up a new body (reincarnation) again and again until by divine grace, yoga discipline, and good deeds it achieves moksha or freedom from karma bondage. Tatia’s (1951) sophisticated analysis of the soul having lasting passions (kashaaya) and vibrations links it with karma.

Karma is derived from the Sanskrit word karman, which means “to act.” Karma involves action,

which in turn generally requires free will. As one chooses good and bad deeds, a “karma buildup” in the form of deep impressions on the soul gets accumulated. See Vivekananda (2011). This karma buildup should not be confused with the action-oriented Karma Yog philosophy of Geeta as interpreted by many Geeta scholars including Tilak (1914) and Karma Kaanda scriptures containing Hindu rituals. Karma determinism refers to causation from the karma buildup to current material and spiritual endowments (windfall) and quality of current and future (hedonistic and spiritual) life outcomes.

The sage Yajnavalkya explains karma determinism in the Brihadaranyaka Upanishad as: “A man turns into something good by good action and into something bad by bad action.” Chhandogya Upanishad V. 107 is more explicit when it states: “Those whose conduct during the previous life has been good, obtain good birth, . . . those whose conduct has been bad, obtain evil birth.” Gita (ch.6, 40–44) mentions that if one should die before attaining salvation, any spiritual progress continues from where one left off. This has helpful implications for all materialistic relationships in the business world. For example, it suggests no statute of limitations for paying back debts. Beyond these broad descriptions of karma determinism, further subtleties and deeper Hindu thought are discussed in the next section.

16.3 Deeper Karma Concepts in Hindu Theology

Hindus have 36 tattvas or fundamental forms ranging from pure consciousness to earth. The 8-th tattva called “Niyati” or destiny “makes sure that the individual gets (what he deserves) the heredity, ancestry, and environment to correspond to his karma. It is payback time, good, bad or indifferent. Niyati Law reaches an embodied soul with its long arm over many births; its effects are benign, malignant, indifferent, orderly, linear and parallel, unselfish, precise, inescapable and time-tested; it serves to establish order in the individual and world, where order is part of cosmic law, Rta,” according to bhagavadgitausa.com (2011), which gives charts explaining 36 tattvas or principles. Vedas refer to rta (or rita) as true universal order, Encyclopedia Britannica (2011a), which regulates everything at the macro level of heavenly bodies and at the micro level of atoms.

16.3.1 Four Karma Types

Hindus consider the following four types of Karma:

- (1) Sanchita Karma is the accumulation of all past good and bad karma from previous lives. Its buildup is reduced by moral actions with good intentions.
- (2) Praarabdha Karma refers to the part of the Sanchita Karma that has begun to bear fruit in this life. The current allocation is random, beyond the control of the individual.
- (3) Agaami Karma refers to the karma in the current life. Good deeds lead to accumulation of merit points called punya, and bad deeds accumulate into paap, which is similar to sins.
- (4) Kriyaamana Karma is the part of karma whose consequences are almost immediately experienced and are not postponed to the next life. For example, if a person holds his or her hand in fire, it will hurt and burn almost immediately.

The four-way classification shows that Hindus have a rather comprehensive and nonlinear idea of karma accumulation. It includes the linear or direct cause-to-effect relations observed in

Newton's physical world as only one part. The classification also makes it clear that there is room for free will of the individual during the current life. It refers to moral living, well beyond the simple advice: "if you do not want the pain, do not hold your hand in live fire!" Only the first two types of karma can be considered related to one's fate per se.

In economics, the "initial endowment" of a person, which includes family wealth, health, parental education, and time and place of birth, is a random variable. Yet, Currie (2011) finds that the inequality at birth persists for many generations. In Hindu theology the initial endowment is not a matter of chance. Unequal past life karma create unequal endowments and unequal economic opportunities at birth.

16.3.2 Karma Buildup Accumulation through Long-Lasting Subtle Mind Impressions

All actions are rooted in one's mind or chitta, where the impulse to act arises, involving pravritti (active action) and nivritti (passive action). Although the soul of an individual has no physical existence, it can have subtle moral attributes or guna with three broad classes known as: satwa (pure, healthy, well-meaning, happiness, knowledge), rajas (ambition, passion, attachment), and tamas (darkness, ignorance, laziness). Hindus believe that every person possesses a mixture of all three gunas in different proportions. A person's karma buildup manifests itself by a mixture of gunas. For example, when a person performs good deeds his or her soul accumulates a greater and greater proportion of satva guna.

However, the karma buildup theory suffers from at least two logical problems associated with its size and time lags. Consider a natural disaster (such as a tsunami) where thousands suffer similar pain and suffering. It is not plausible that their karma buildup is of nearly identical size. Second, if there is a nearinfinite time lag between the buildup and its consequences, how relevant is the buildup? Hindu theology ostensibly solves the twin problems by not ruling out extra suffering in one life to compensate (prepay) for a good fortune in a later life. Because Hindu scriptures have millions of birth-death cycles, time lag is not a logical problem for Hindu theologians regarding the soul, which resides in cosmic time. Pope Benedict XVI (2011) was asked by a seven-year old tsunami survivor "Why do children have to be so sad?" His reply was: "This suffering was not empty, . . . behind it was a good plan!" is hardly satisfactory.

Hindus have notions of invisible psychological imprints or vibes (samskaras) on the soul. Many Hindu rituals associated with birth, education (upanayan), marriage, and death explicitly attempt to imprint good vibes or samskaras on the soul of the person. Hindus also believe that the souls carry unfulfilled desires (vasanas), which may go from one life to the next. The Hindu rituals after death explicitly try to appease these unfulfilled desires to allow the soul to rest in peace. Swami Sivananda (1997) explains that "The materials like milk, curd, offered as oblations in Hindu sacrifices assume a subtle form called Apurva," (meaning unseen), which can attach to the soul.

Thus the karma buildup is carried for a long time through the medium of subtle imprints on the mind of a person, and then on that person's soul, which can last for thousands of lifetimes with no statute of limitations. This creates an incentive against imposing economic harm on others.

16.3.3 Enforcement of Karmic Laws without Heaven or Hell

Hindus posit the existence of the Supreme Lord who gives the moral and spiritual karmic laws applicable to all creatures possessing a soul. Their enforcement notions predate Newton and are somewhat similar to the way the laws of physics are “enforced.”

Karmic buildup can be reduced by everyday suffering, without someone being physically sent to a ostensibly hot location called hell, or yama-loka or paataal in Sanskrit. Conversely, the benefits of good deeds can be enjoyed here on earth or in heaven or swarg. However, going to heaven is inferior to moksha or true freedom. Gita (ch. 9, 21) states that as the stock of good deeds is depleted, one must leave heaven and go back to martya-loka or earth, with its birth-death cycles.

Hindus blame most evil on six enemies residing within human nature, which are called shadripu: (1) kaam (carnal and other desires), (2) krodh (temper), (3) mada (intoxication), (4) moha (attachment), (5) lobha (greed), and (6) matsar (envy). Although moderate doses of these characteristics motivate economic growth, their excess creates many human tragedies. By contrast, Abrahamic (Judeo-Christian-Muslim) religions invoke a powerful Satan or Devil to explain existence of evil.

Hindus have no one particular “Day of Judgment” at a specific point in time. As fossil records and other scientific evidence has shown that human life has existed for hundreds of thousands of years, the Abrahamic religions’ idea of having a particular day of judgment at a particular point in time would require its explicit specification. Indeed, “One reaps what one sows” is often a natural experience in the physical world, without having to wait for a Day of Judgment. It seems plausible that moral judgments for all creatures are made continuously in real time, rather than on a particular Day of Judgment. Ridley (2011) quotes Adam Smith, the great economist, as suggesting that human morality emanates from the imagined perspective of an “impartial spectator,” independent of any religious authority.

Hindus believe that if a person is violent or benevolent, that person will be similarly rewarded in kind in current or future lives. The idea that the moral and spiritual laws of nature are fair and just in the long run is rather appealing. The logic behind Hindu faith is simply that “Something that ought to be true is true.” All counterexamples are explained away by the argument that human evidence is intrinsically short-term. Karma determinism works with or without a single enforcer of the karmic laws of justice who possesses something akin to a supercomputer as its brain. That is, karmic laws are self-enforcing, analogous to the law of gravity.

16.3.4 Biology and Physics behind the Karma Belief

This subsection attempts to give the possible scientific underpinnings of some Hindu beliefs. Hindus believe that most living creatures with a central nervous system have a soul. What is the evidence for the existence of a soul? Hindu sages use the following introspective evidence in support of the human soul, and extrapolate it to the animal kingdom.

The human soul is the identity of the person, not a part of the physical body, but something deeper. The soul enters the body of a newborn at birth and departs from the body at the time of its death. Modern biology tells us that during one’s lifetime almost all the cells in a body might regenerate, with some cells dying and new ones coming up all the time. However, through all these bodily changes from childhood to adult to old age, we humans know from personal experience that there is a constant deeper “me” that is living this life. That unchanging “me,”

which is felt by everyone, proves the existence of the soul. The soul exists in the form of (self-) consciousness, not a material or biological object with quantifiable mass and body weight.

Searle (2011) laments that even though IBM's artificial intelligence (AI) computer program called "Watson" recently won the American TV contest of wits called Jeopardy! against two human champions, Watson does not even know that it won! Even if future AI computer programs are able to impart a limited sense of self, only living, breathing creatures with soul will ever have a genuine sense of self.

The science of Yog (yoga, which has a spiritual dimension) has recently acquired considerable scientific support in practical health sciences. Mochon, Norton, and Ariely (2008) note how yoga can boost a sense of well-being. The Yog Sutra of Patanjali (II. 12–14) refers to the karma philosophy at a subtle level. When one thinks (possibly about doing something), there is a seed lodged inside the unconscious mind, and it waits there even if no action is taken. Along similar lines, the karma of past lives creates a predisposition, which need not result in action. According to yoga teachings, one can overcome some of the karmic buildup by using discipline and chanting mantras. How do the mantras work? Their repetition is believed to change predispositions of the mind at a deeper level of neural connections.

Newton's Third Law of Motion in physics states that for every action, there is an equal and opposite reaction. A high school teacher might explain this by saying: "The cosmos is like a balloon, if we press one side it reacts in a way to restore the balance." But are Newton's cosmic reactions applicable only to the physical world of inanimate objects? Karma believers apply this law to the inner (nonmaterial) soul of all creatures that affects the complete range of actions by living creatures. Good actions performed with good intentions are generally rewarded by good fortune either in the present incarnation (life-form) assumed by the soul, or carried over with the soul to the next life-form. Conversely, bad actions are eventually punished, either in this life or later. However, an important unanswered question is: "Why should nature subscribe to the notions of justice?" These are, after all, man-made abstractions.

If karma is misinterpreted to place the entire responsibility for bad outcomes on the victim, some logical and moral anomalies arise. Consider the suffering by victims of domestic abuse, vicious crimes, the Holocaust, or African ethnic cleansing. A scientific mind cannot view such suffering as a punishment for the victim's own misdeeds. For centuries in India, smallpox was considered a result of angry goddesses. It is obvious that if karma theory is used to blame the victims, it will discourage scientific progress, such as discovery of new cures and vaccines against diseases such as smallpox. Blaming karma discourages a further search for the exact source, location, and cause of any suffering, let alone curing the symptoms and reducing the chances of future suffering.

What is the scientific support for long-lasting memory transcending generations, similar to the memory of karma buildup on the soul? Biologists study DNA and heredity and find that some characteristics do last a very long time, and are being passed on from one generation to the next. The germplasm theory proposed by August Weisman in the late 19th century considers long-lasting impressions on the female egg and the male sperm. However, because heredity is intimately linked to physical DNA, it is impossible to transmit it through the medium of an intangible and indestructible soul.

As soul is not a physical entity, the scientific method cannot prove or disprove its properties, including its sanskaar (impressions). One can verify using modern tools that yoga practices involving focusing on one's breath provide medical benefits, including stress reduction. Why breath? Hindus believe that our breath provides us with a direct link to our soul and an indirect link with the Almighty. However, the Hindu notion that the soul carries DNA-type subtle impressions of past karma and somehow remains suspended in "ether" even after a person's death cannot be verified. Yet it allows Hindus to make sense of the often unjust real world. Dharmawardena (1996) argues that rebirth is similar to quantum physics, where an electron disappears from one orbit and reappears in another. For further evidence, he cites the ability of some to recall past life details and the existence of child prodigies who may be recalling skills from past lives.

In summary, this section has shown that the Supreme Lord of the Hindus is in the form of an abstract consciousness, a giver of immutable laws, who need not be the policeman of the world enforcing justice for all. Since economic justice is obviously included, enforcement costs of laws of contract can be reduced in Hindu societies believing in such a Supreme Lord. In addition: (1) Soul can exist without being a physical material entity. (2) Yoga discipline with repetition of mantras can have long-lasting effects on the mind or spirit of a person. (3) Karmic buildup extends Newton's Third Law to nonmaterial souls of all creatures as a plausible hypothesis, but one lacking in evidence. (4) Karma buildup can lead to callous blaming of the victim and may not to helping those who suffer or to scientific or technological progress in reducing human drudgery or suffering. (5) The biological evidence in support of long-lasting memory through DNA cannot extend to the nonphysical soul.

We shall see in the next section on astrology that enforcement of karma buildup might be related to the fortunate or unfortunate configuration of stars and planets at the exact time and place of birth.

16.4 Fatalism and Astrology in Hinduism

What is fatalism? The Webster New World Dictionary defines fatalism as the "belief that all events are determined by fate and are inevitable." If citizen are fatalistic, they generally accept the status quo. On the positive side, this can mean peace, economic stability, and absence of labor strife. Unfortunately, fatalism also robs the society of dynamic changes that lead to wealth creation. Geeta (18-14) states that good luck is only one of five (twenty percent) ingredients needed for a person's success (daivam chaivaatra panchamam). Hinduwebsite.com (2011) further explains why Hindus are not completely fatalistic.

A well-known quote on fatalism by Johannes Kepler, the great German mathematician, astronomer, and astrologer of the late 16th century states: "The stars are only the father of your fate. The mother is your own soul." It is all the more interesting in our context, as Kepler, the scientist, refers to the soul.

Now we turn to Hindu astrology, (see Jha 2013) which is estimated to be espoused by a sage named Lagadha around 1568 BC. Bhrigu was the first to codify Hindu astrology with a compendium of thousands of astrological horoscopes, each with twelve positions. Lord Krishna says in Geeta (ch.10, v.25) that Bhrigu is the the greatest of all sages. It is amusing to a modern reader that a large percentage of horoscopes refer to the person being from the royal family in the

previous life. Because India no longer has royal families after the princely states were abolished in democratic India, Bhṛigu's percentage, conditioned by his life experiences, is ridiculous in today's India. The twelve birth signs of Western astrology refer to lagna, or position of the sun in Hindu astrology. Each of the twelve positions can be occupied by any one of nine influential heavenly entities or grahas (mentioned above). Hence there are (9^{12}) 5,159,780,352 or over five billion possible horoscopes. The sage Bhṛigu studied millions of horoscopes, of which only a few hundred thousand are still available in private collections of astrologers at different locations around India, whose authenticity is hard to verify. In any case, Hindu astrology is highly sophisticated.

Dacey (2009) refers to a 2007–2008 opinion survey based on 1,100 participants at 130 universities and research institutes in India showing that “most Indian scientists are believers in astrology.” Many are impressed by stories of correct predictions by astrologers and are unwilling to dismiss them. Hindus believe that the fate of a person is written on the forehead in a secret script and determined by the horoscope, which in turn depends on the exact configuration of planets and stars at the exact time and place of the person's birth as defined by the first independent breath.

What is the importance of the birth-time horoscope? Recall that the second objective of this chapter is to focus on an overlooked link between karma and astrology. Note that the time and place of the birth is also a plausible time when the soul enters a physical body of the newborn. Hence, if the karma buildup were true, it will have to be transmitted to the body at the time of birth.

Although the link between astrology and karma is overlooked, it is mentioned by Maheshwari (2013).

- (1) Lagna establishes the contact of the individual's soul with its new life on earth.
- (2) Atma-karaka signifies the desire of the soul.
- (3) Gand-anta (knot end) refers to the karmic knot where

solar and lunar zodiacs meet.

The Hindu astrological chart lists nine planets or grahas, of which three are not planets at all. The list includes the sun, the star of our solar system, which is not a planet. The list also includes Rahu and Ketu (north and south lunar nodes or points of intersection of orbits of the moon and earth, which cause lunar eclipses). Some anomalies are explained in the doctoral dissertation by Vazalwar (2008)

An eclipse is called grahan in Sanskrit, which means seizing or catching. Hindus are asked to make donations to priests to help relieve the pain of the sun and moon who are being seized by demons named Rahu and Ketu. Because of this financial incentive during eclipses, Hindu priests developed an elaborate and mostly accurate system of predicting them.

The twelve Hindu signs of the zodiac are similar to those of the Greeks, except for the tenth sign: Makarais the sea monster in the Hindu system versus the goat in the Greek system. Since Hindu astrology is present in the Vedas, long before Alexander, it is incorrect to say that Hindus were

influenced by the Greeks. Hindus also have 27 nakshatras °Urelated moon positions. Certain signs (e.g., Mriga) indicate the arrival of monsoon rains on the Indian subcontinent, extremely important for the Indian agricultural economy.

A Hindu astrologer begins with a horoscope of a client based on the birth-time position of nine grahas and 27 nakshatras. As time passes, these heavenly bodies move in the cosmos, tracing a random variable unique for each client. For example, Saturn has a bad spell for seven years for certain horoscopes. Astrologers then use this random variable and their training to predict the fortunes of their clients. A Western scientist would view these predictions as spurious correlations, as explained in item (5) of section 4.1 below.

16.4.1 Why Western Scientists Reject Astrology?

Recall that a large anonymous survey of Indian scientists revealed that most believe in astrology. Carlson (1985) reports a double blind study showing the failure of Western style astrologers to predict accurately. There are at least five reasons Western scientists generally reject astrology. We mention how the overlooked link between astrology and karma can help in partially understanding the contrast between Indian and Western scientists. Also, Western scientists think of astrology as dividing humans in only 12 permutations of birth signs, perhaps unaware of the millions of permutations of Hindu horoscopes mentioned above.

1. It is fair to assume that the astrological chart does not change much in a short time period. Hence, hundreds of thousands of persons will have extremely similar astrological charts. It defies common sense to think that so many souls have similar karma from past lives and to expect that they have similar life-long outcomes. However, believers can respond by saying that karma also determines the “initial endowments” of the hundreds of thousands of persons born at proximate times, and thereby explains distinct life outcomes. Moreover, Praarabdha Karma, the random portion of the aggregate (Sanchit) karma can contain an explanation.

2. Even identical twins do not have identical life outcomes, despite almost identical time and place at birth relevant for astrology. Considerable research on identical twins having identical heredity separated at birth, while ignoring identical astrological charts, reports distinct life outcomes. However, distinct karma buildup of identical twins can explain distinct life outcomes.

3. McKinley (2011) shows that the earth wobbles and the locations of stars and planets in any astrological chart are likely to be highly inaccurate.

4. Modern medicine has removed the suffering associated with many diseases, implying that there is less suffering in this world. An implication of this from the karma theory is that the number of sinners must have declined over recent past. Is there any evidence of declining sins in human affairs? Of course, one can argue that the karma-based punishment can be in terms of pain and suffering and not specific disease afflictions.

5. In modern statistics, it is easy to simulate random variables using computers and free reliable statistical software called R (2011). Let us set the seed of 124 (say) for a pseudo-random number generator and select 10 values of the Normal Random Variable x and independently select 10 values of another Normal Random Variable y . Despite independence, the correlation coefficient between x and y can be as high as 0.1679667. This is called “spurious correlation” in statistics.

Karma belief can make the birth-time chart highly relevant for life outcomes. Movement of stars and planets in the cosmos is predictable (not random), and is used by Hindu astrologers to predict life outcomes. Even if there is no causal relation, there is no spurious correlation either. In our context, an astrologer knowing x values can correctly predict y values 17 percent of the time. A client often unwittingly reveals a good deal of information about herself through the questions asked. Moreover, astrologers' predictions have a great deal of generality, which applies to lots of people. Hence, an astrologer with good guessing skills and experience can use the client's horoscope as x to predict his life outcomes as y with high apparent accuracy. If the astrologer can order the variables from the smallest to the largest, then the simulated correlation is 0.9376603, suggesting over 93 percent accuracy. Hence, any predictive power of astrology apparently seen by the clients of skilled astrologers is spurious, if not fraudulent to a Western scientist.

16.4.2 Why Hindus Believe in Astrology?

As noted before, most Hindus reject all such evidence against astrology described in section 4.1. Westerners cannot imagine any university offering formal courses in astrology. Yet Banaras Hindu University, among others in India, does teach astrology. Recall that the Indian High Court has ruled that astrology "is a science." An affidavit signed by Dr. R. Ramakrishna, Deputy Drug Controller (India), West zone, states that: "Astrology is 4000 years old 'trusted science' and the same does not fall under The Drugs and Magical Remedies Act, 1954."

Hindu astrology urges everyone to try to understand God's plan for him, as it is determined by his past karma. The plan is revealed to anyone (including the astrologer) by the birth-time horoscope. A person is likely to succeed, if she chooses a course of action consistent with God's plan for her. Recall that Lord Krishna's favorite sage (Geeta, 10–25) was Bhrigu, the author of the treatise on astrology Bhrigu Samhita.

Arranged marriages of Hindu couples look for horoscope matching of the groom and bride on a scale of 36 points. The higher the point score, the more successful the marriage is likely to be. The propitious timing of business decisions can also be based on horoscopes. It would be interesting to statistically test whether the 36-point scale predicts success in marriage.

Indian independence from the British was chosen to commemorate August 14, the VJ (victory in Japan) day. However, since August 14 was a no-moon inauspicious day, Indian astrologers insisted that the transfer of power should be delayed until midnight on August 14. Pakistan did accept August 14; it has not had much luck with its political leaders and is today regarded by many as a "failed state." One wonders if the choice of August 14 created Pakistan's bad luck. As auspicious choices are always available, Hindu astrology need not be entirely fatalistic or passive.

16.5 Positive Effects of Astrology and Karma on the Economy

We begin with an interest in astrology leading to knowledge of astronomy. An economic side effect of a study of movements of heavenly bodies for astrology is that it can lead to a better understanding of astronomy, Maheshwari (2013) provides many details of calculations made by ancient sages. A deep study of astronomy, in turn, needs precise chronological calculations, mathematics, physics, and related sciences. Perhaps a willingness to learn from the Greeks was

motivated by astrology. Such knowledge and related advanced education was obviously helpful to Hindu societies. Their astronomy must have helped farmers in predicting the weather, rather important for the agricultural economies of India.

Astrology can be an entertaining and useful service if not taken too seriously, creating jobs for astrologers with a worldwide appeal. Romania has recently imposed a tax on astrologers, who are called “witches” there.

There are clearly positive effects of karma beliefs on policing costs. Enforcement of good socioeconomic behavior is an important and expensive activity undertaken by all governments. Hindu societies sharing a universal belief in karma determinism provide economically very efficient (optimal) ways of getting the citizen to be good and fair to each other in their exchanges of material goods and services, with minimum enforcement costs. Of course, Hinduism needed to support a cadre of indirect policemen as upper caste Brahmins to explain and persuade the citizen of the ultimate consequences of good and bad actions, which are not costless.

Karma belief teaches Hindus to accept good fortune. French (2011) notes that Hinduism incorporates materialism, whereas Christian teaching (Matthew 19:24) states that “it is easier for a camel to go through the eye of a needle than for a rich person to enter the Kingdom of God”!

The karma buildup concept encourages everyone to do his or her duties. If all employers and employees perform all their legitimate duties voluntarily without much supervision, it is highly conducive to material economic progress. In any case, karma determinism can motivate everyone to live morally, providing a judicious combination of both carrots and sticks. It encourages thinking of the social good. The bottom line is that for a long time Hindus did not need a large police force to enforce cosmic karmic laws of moral behavior. The belief in karma probably did provide a useful economic benefit as long as it lasted.

16.5.1 Individual Enterprise and Karma

The karma doctrine is highly individualistic. Every individual possesses a unique soul unperturbed by the actions of any other individual. A famous religious poet named Kabir wrote that we are all “born alone and die alone” in this uncertain world, and have a responsibility to do good irrespective of the actions of people around us. There is no buying (or selling) of good or bad karma deeds from (or to) other souls.

The souls of friends and relatives are generally quite independent, except that some Hindu rituals for married couples pray to have the same spouse in (seven) future lives. Similarly, rituals associated with deaths do involve doing good acts (like giving money to priests) to improve the well-being of the departed. In modern times the death rituals are not as elaborate, perhaps because modern Hindus see a conflict of interest when a priest demands a hefty monetary offering to benefit the soul of a dead person.

The karma philosophy encourages rugged individualism in commerce, as one is directly and completely responsible for all of one’s own actions. Such attitudes can result in a Hindu version of the so-called Protestant work ethic, which benefits the economy. Hindus do their good deeds not in expectation of immediate material rewards, but as a matter of ethical duty. They believe that good deeds are ultimately in one’s own long-run self-interest.

Karma philosophy teaches that there is ultimate justice or “tit for tat” in the world. This means that in order to receive good things in life, we must give away good things. If one person defrauds others, he too will be someday a victim of a possibly worse fraud. at one time. whereby they share profits with some worthy charity by making it a small (1 percent, say) owner.

In addition to individualism, the karma concept allows one to cope with bad outcomes in life by having something “beyond one’s control” to blame for bad outcomes. Karma helps avoid unhealthy, unproductive, and wasteful brooding over “why me?” The Hindu prayer to God is to grant the strength to withstand the suffering, unlike the Christian system of atonement through “confessions” to the priest. This might explain the lower incidence of mental problems among Hindus. Even recent statistics from the National Health Profile (2009) for India states that the incidence is 1 percent for serious mental problems and 5 percent for minor mental problems. Statistics by Country for Mental Illness (2011) states that the rate for the United States is 22 percent. Of course, the percentage is likely to be higher for the United States than India due to greater availability of mental health services, better data, and third-party payments by U.S. insurance companies.

Faith in Karma allows one the opportunity to cancel past bad deeds by new good deeds in future lives. Economic growth and material progress needs some way to start again after one has suffered any misfortune. Faced with unjust treatment by someone, one can feel hopeful under the karma belief. Hence faith in karma can have economic benefits for a society. This encouraged honest commercial transactions

However, some fraudsters have found loopholes
16.6 Negative Effects of Hindu Karma Theory and Astrology

Because the responsibility for bad outcomes is always on oneself, it is also true that karma theology allows one to have less empathy for the suffering of the less fortunate. While India has a long tradition of Ayurvedic medical treatments including surgery, there is much less of charity healthcare compared to Western countries. Also, victim support groups and hospices are rare in India. At the time of Indian independence in 1947, a majority of hospitals in India were started by philanthropists of the Zoroastrian (Parsee), Muslim, or Christian faith.

Of course, Karmic Hinduism does not openly encourage callousness toward the suffering of others. Mahatma Gandhi defined the true Hindu as one who understands the suffering of others (Peed Paraayi Jaane Re). One of the easy good deeds (punya) to improve one’s chances for salvation for Hindus is to help the less fortunate and needy. The fourth type of karma (Kriyamaan) suggests that we have a duty to punish the miscreants as much as we can to get good marks in karmic calculations. It does not let the civil law enforcement off the hook, or free it to ignore criminal acts by thinking that God will eventually punish those who do them.

A serious negative economic effect of karma-type notions was that it helped to perpetuate the caste system based on birth. Although original varna was not based on birth, it was self-serving and convenient for the upper caste elites to tell the lowcaste majority that it was their own fault that karma caused their low-caste birth, and that they can get out only by doing good service. Denying advancement opportunities to some 60 percent of the population because they were of lower caste was a giant waste of human resources. In 1947, at the end of British rule, a mere 12 percent of Indians were literate.

The gender inequality index (GII) ranging from 0 for perfect equality to 1 is a part of the Human Development Report (2010). It uses data on (1) maternal mortality ratio, (2) adolescent fertility rate, (3) female and male population with at least a secondary education, (4) female and male shares of parliamentary seats, and (5) female and male labor force participation rates. The GII is 0.748 for India, 0.721 for Pakistan, 0.680 for Indonesia, and only 0.174 for the Netherlands. Although the data for India includes over hundred million Indian Muslims, the slightly greater female inequality in India than in mostly Muslim Pakistan and Indonesia does not speak well about the treatment of women by Hindus. However, Field, Jayachandran, and Pande (2010) report that Hindu women face fewer social restriction than Muslim women, and that business training helped Hindu women, but failed to help Muslim women. Irrespective of religion, male domination is found in world regions where farmers historically used the heavier plough needing male strength, rather than a digging stick (Alesina Giuliano, and Nunn, 2011).

Undesirable economic consequences of Hindu belief in the first two types of karma mentioned in section 3.1 and astrology include fatalism. Although many Indian entrepreneurs credit their astrologers for encouraging them to take risk, a fatalistic acceptance of the status quo might reduce the economic energy and materialistic ambition of Hindus. Karma and astrology may be why Hindu kings did not invest enough resources in developing adequate defense technologies. Fragmented Hindu kings were no match for brutal nomadic invaders, resulting in the subjugation of Hindus for centuries. Karmic beliefs instill inadequate respect for evidence or for the scientific method and create difficulties of attaining or sustaining high rates of economic growth.

16.7 Final Remarks

This chapter takes the viewpoint of a sympathetic reader to try to understand the philosophical underpinnings of karma determinism concepts, showing some of the subtleties and deeper thoughts. Although karma concepts do not need astrology and vice versa, I argue why they might be linked. If one accepts the karma theory, a newborn baby's soul is affected by its past "Praarabdha and Sanchit" Karma, implying that life outcomes for the baby is not a random variable. I argue that the soul is most likely to enter the body of the newborn at the time of birth and hence the baby's horoscope at the exact time and place of birth (rather than at some other time) is a dependent random variable, avoiding the spurious correlation problem. Then one can at least partially understand the important role of astrology throughout ancient Hindu texts and rituals and even today in the lives of millions of Hindus.

Using the astrological chart of Lord Rama from Ramayana, Hari's (2013) have used archeo-astronomy and planetary software to show that Rama was born in the year 5114 BC. Since dozens of astrological charts are present in various Puranas, it should be possible to check mutual consistency of implied dates. If historians verify consistency and support these methods, it will be a novel use of astrology to fill missing historical dates of ancient Hindu texts and characters. We want to know whether exact locations of nine heavenly bodies in astrological charts of Puranas are randomly chosen or are realistic. Modern Statistics can formally test the randomness hypothesis.

Both positive and negative economic consequences are described and discussed. For example, fatalism is a negative consequence; inadequate emphasis on evidence-based thinking is another. Caste and gender discrimination create a huge waste of human capital, representing a serious

negative effect. The karma theory and skilled astrologers dupe millions of Hindus. A possible silver lining is that karma beliefs allow business people to be individualistic and risk taking, and might promote entrepreneurship. Another advantage is in promoting better skills of Hindus in coping with adversity, implying a lower incidence of mental problems.

Also, it is plausible that karma beliefs imply reduced costs of policing not only standard crimes, but white collar crimes involving contractual obligations among economic agents. A karma-induced willingness to accept the status quo can imply peace and political stability, absolutely necessary for economic growth. In short, the consequences of karma determinism and fatalistic astrology on the economy has both positive and negative features. Although we do not have enough information to conclude which effects are more important, policy makers should strive to minimize the negative ones.

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Chapter 17

Charity in India

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17.1 Introduction

Charity is a spiritual value. It has a wonderful quality of pleasing the donor as well as the donee. Like other benevolent qualities such as compassion, mercy, and forgiveness, to use the words of Shakespeare, “it droppeth as gentle rain from heaven.” So the people who provide direction and guidance to society, such as the priests and kings of old, and teachers, politicians, and economists at present, have discussed, nurtured, and promoted charity throughout history, many times by example, and a lot more by precept.

Charity is of special interest to politicians and economists

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as it can help to reduce the differences in wealth distribution to some degree. The reasonable distribution of wealth presupposes that each individual should be able to satisfy basic needs for food, housing, clothing, education, and medical treatment. Moreover, for one’s physical and emotional well-being, an adult individual needs to be provided a means to earn a living, so that he or she can support a family, save for old age, and at the same time find fulfillment in personal life. But after all these things are taken care of, there remains a sizable segment of individuals in a healthy, prosperous society that accumulates more wealth than it needs. To channel this excess wealth, charity is a wonderful means that can further the overall betterment and well-being of a society.

Throughout history, in various forms, injunctions such as “the essence of being a human is a deep-rooted feeling that we are part of one larger living world, and so we should do charity, have compassion on others seeing one’s own self in others, etc,” have occurred uniformly in all religious traditions. We review the remarkably similar thinking about charity among the two major religious traditions, the Hindu tradition and the Jewish-Christian-Islamic tradition, in sections 2 and 3. But what we find remarkable is that a clear “rule” or a “law” such as “donate 10 percent of your annual income to charity” was formulated in the Judeo-Christian-Islamic religious tradition. It is conspicuously absent in other religious traditions, for example, the Hindu

religious tradition, including the traditions of Buddha, Mahavir (Jains), and Nanak (Sikhs).

In section 4, we give some details on the charities sponsored by the central and state governments in India, and the charities of some of the recently rich in India. We also note some of the problems doing charity work in India, such as the tax structure, attitudes of the charity organizations, and problems of corruption. We urge the government of India to simplify and modify the existing laws governing charity in India, particularly because the number of wealthy people and of potential donors has been rapidly increasing in the last two decades.

There is a good deal of statistics, probably not all reliable, about worldwide charity available on the Internet. The figures we quote about India are mainly from the Arpan Sheth's (2010) article at the Bain and Company's seminar on "An Overview of Philanthropy in India." The focus was on charity donations of India's recently very rich. In this chapter, our focus is on developing a larger social consciousness about charity in all segments of the Indian society.

We have also benefited from Vinod's (2003) article, "Market Failure and Economic of Charity," which provides a general perspective on charity from the viewpoint of economics. Vinod cogently argues that promoting charity is one of the noncoercive ways of dealing with failures of the free market system such as widening income inequalities.

17.2 "Tythes" And "Zakat" In Judeo-Christian-Islamic Tradition

Judaism contains one of the early records of a law regarding charity. It is called the "tithes." It explicitly mandates "give 10 percent of your annual income² to God." It applies uniformly to all segments of the society. It may induce richer individuals to contribute even more than 10 percent, which is of course welcome. But as a minimum common denominator, the "10 percent rule" applies to all. Everybody is invited to contribute to community causes to the extent one can. There is a sense of participation for all. In practice, the system was elaborate. "Annual income" also included agricultural produce in those days, and one could as well donate part of the produce. The religious leaders, the rabbis, elaborated on tithing and interpreted in which circumstances, who should donate what and how much.

Christianity, which was born out of Judaism, kept the same

² The Torah: The first reference to the system of Tythes occurs in the Torah, or the Old Testament, in Genesis 28.20. It tells the story of Isaac who promised to offer 10 percent of his income to Jehovah. There are many such references throughout the Bible. The system is elaborated in the commentaries.

word tithes and the system. It was essentially mandatory for all individuals, when the church effectively enjoyed the powers of the state. The tithe would often be in the form of a state tax, or dues of a congregation, or at least peer pressure. In the 19th to 20th centuries, even after the church and the state had become separate, the system was often incorporated in the income tax laws of many nations in Europe. It still is, to the authors' knowledge, at least in Germany; see below (Murty 2010). Its mandatory aspect at the state level may have caused some resentment in the groups advocating separation of church and state. But inasmuch as the local synagogue or the church provided essential social services, the people in a congregation felt it as a call of duty to support their respective ones. These services included providing food and clothing to the poor;

providing education in reading, writing, and arithmetic to the young ones in the community (at the same time inculcating spirituality); providing medical help; arranging get-togethers of boys and girls of marriageable age; providing relationship counseling; maintaining the birth-marriage-death records, and engaging in innumerable other social services.

One can see that in medieval times, and even in modern ones, across many villages, in the United States and Europe, the synagogue or the church in the village (just as a temple in India) provides a focal point for the adjoining community to gather together to pray, celebrate, and enjoy a place and a forum to resolve their problems. A rabbi in the synagogue or a father in the church is invariably more educated than most of the people, and helps the community in many ways. His or her example and way of life often would inspire a small, but certain, group of young idealistic people to live his or her kind of life.

The United States, and most of Europe, now have a written constitution, and church and state are now constitutionally separate. Especially in the metropolitan areas, religion as practiced in the 19th century has lost some ground. Still, in the authors' life experiences, religion undeniably plays a significant role in the lives of a large segment of the society in non-metropolitan areas, among the educated as well as uneducated. Even among the scientists, who may be averse to rituals, a large percentage of are "religious" in the spiritual sense, as expressed beautifully in Einstein's quote.³ They often observe rituals too, as it is a way to introduce children to spirituality, and give a sense of continuity and tradition.

As regards charity, it is deeply ingrained in the character of the Jewish and Christian people, whether or not they observe other ritual injunctions of their religions, and their charity often extends in substantial ways to people not belonging to these specific religions. We have not come across actual statistics, but we believe that the Jewish and Christian charities account for a significant percentage of the total charity in the world. A good deal of this charity (e.g., many schools and colleges imparting secular education run by the Christian missions in India) goes primarily to non-Christians as well.

Islam, which was also born in the Judeo-Christian tradition, kept the system of tithes under the Arabic equivalent term, Zakat.⁴

We did not get the statistics, but we believe that Islamic charities also account for a significant percentage of the total charity of the world. However, to our knowledge, the Islamic charity hardly extends to non-Muslims. Tithes-Zakat is deeply ingrained in Islamic thinking on charity as well. In Germany, the local tax offices collect tithes for the churches officially recognized by the state. A group of Muslims in Germany have organized the Islamic Conference whose main major goal is to get Islam recognized as an official church in Germany so that tithing (Zakat) can be performed through local tax offices.⁴ This Muslim group, and similar ones, are trying to use the freedom of religion guaranteed by the constitutional structure of the secular countries for the economic and political advantage for their narrow brand of Islam that excludes non-Muslims. But the original system of Tithes-Zakat certainly had a humanistic motivation in its inception.

³ Albert Einstein: "If something is in me which can be called religious then it is the unbounded admiration for the structure of the world so far as our science can reveal it. . . . I believe in Spinoza's God who reveals himself in the orderly harmony of what exists, not in a God who concerns himself with the fates and actions of human beings." Paul Arthur Schilpp, ed., *Albert Einstein: Philosopher-Scientist*, 3rd ed. (La Salle, IL: Open Court, 1970), 659–60.

⁴ The Koran: The first reference to the system of Zakat occurs in the Koran in sura 2.43. It is a commandment for being “steadfast in prayer, and give Zakat.” The same commandment occurs in 2.110, 2.177, 2.277, 4.162, 5.55. The system is elaborated on in the commentaries.

In this chapter, our aim is not to revive Tithes-Zakat in a narrowly defined religious sense, but to promote the underlying humanistic motivation for charity, starting right from the community in which individuals find themselves in their life circumstances.

17.3 The Hindu Tradition, Lack of Organizational Structure

In this regard, Hinduism presents a more complex and disorganized picture, for there is no single book that records all “the laws.” A book such as the Bhagavad-Geeta, or its predecessors such as the Upanishads and Vedas, contain many profound discussions on topics of practical importance in life, including charity. But no specific number such as “10 percent of annual income for charity” emerges from the discussion. It only mentions, as in the Bhagavad-Geeta: “Charity is to be cultivated as a spiritual value. It should be given without expectation for return. It should be given to a worthy person at a right time and at a right place.”⁵

In the Upanishads, “charity” is definitely included in the more general concepts such as “Yajnya,” and “Tyaga.” The Isaavaasya Upanishad⁶ starts with the declaration: “the whole world is a manifestation of God. You take it as his gift. Use it, enjoy it, and give it back.” Brihadaranyaka Upanishad⁷ allegorically

⁵ The Bhagavad-Geeta: The quoted stanza from Bhagavad-Geeta is 17.20. The spiritual value of Charity is elaborated on in 17.20–17.28. See also 16.1, where Charity is part of the various attributes described as “Divine Wealth” (Daivi Sampad).

⁶ The Isaavaasya Upanishad: The quote is from the very first stanza of the Upanishad. ⁷ The Brihadaranyaka Upanishad: 5.2.3.

explains that through the rumbling “da-da-da” of the clouds, the Creator is telling the whole mankind that their salvation lies in “dama (control of the senses), daana (Charity), and dayaa (compassion).”

Kaalidaasa, the great Sanskrit poet, at the beginning of his remarkable epic-poem Raghuvamsam (the dynasty of kings in which Raama was born), describes how these virtuous kings excelled, among other things, in charity. He is ecstatic about how the brave king Raghu in his middle age gave away everything he owned and lived like a hermit, and yet came back to assume the king’s duties when the occasion arose. Kaalidaas devotes one entire canto out of the twenty of the epic-poem to tell King Raghu’s tale of charity.

There is actually a historical record of King Harsh-vardhana in the sixth century, who did a yajnya in which he gave away everything. In Allahabad of today, people still show the place where Harsha-vardhana did his yajnya.

Karna is another fabulous character from the Mahaabhaarat who is distinguished for his charity. In full consciousness, he gave away even the weapons that could have saved his life. Every child in India learns this story. There was some meanness in Karna’s character, but charity was his high point. His attitude toward charity was that he was just paying the debt he had incurred in his present and past lives.

Chanakya in his Artha-Shastra (historically an important ancient treatise in India on economics and politics) comes closer to actually specifying a number, which he gives as a percentage of annual income. He exhorts that an individual should divide his or her income into four equal parts: 25 percent as tax to the government, 25 percent as savings, 25 percent for personal consumption, and 25 percent as charity for the benefit of the society. Similar injunctions continue throughout Indian history to the present day. Many spiritual gurus exhort their followers to reduce their needs and spend as much as 50 percent of their extra income for the benefit of society. But these remain just exhortations. We feel that the figures “25 percent” or “50 percent” may be suitable for the very rich. See below Bill Gates’s and Warren Buffet’s similar exhortation for India’s very rich of today. But in our opinion, the figures “25 percent” or “50 percent” are too large to be accepted as a possible “rule” for the population at large.

The primary books of the Hindu religious tradition, called the Srutis, which enjoy the status of scriptures in the JudeoChristian-Islamic religious tradition, are different from their secondary books, called Smrutis. It is the Smrutis that codify “the laws.” Srutis contain only the general principles. Different kings belonging to the Hindu religious tradition in the past used different Smrutis to codify the actual functional rules and laws. Partly motivated by this long-rooted tradition, the Hindu Code Bill of 1955 codified some rules such as how the property should be divided after the head of the family dies, etc, but even the Hindu Code Bill has not come up with any system such as the tithes or Zakat, or formulated the inheritance laws in a way that will promote charity.

Still, the donations given in the Hindu religious charities are considerable, and charity is extolled beyond measure. As a wellknown saying in Sanskrit goes, “Good speakers come in thousands, but only a few are good donors.” Some famous temples such as Tirupati, Kanchi, Varanasi, Pandharpur, or more recent trusts established by the followers of a saint, such as Sai-babas of Shiradi and Puttaparthi, Akkalkot Swami, Anandmayi Ma, receive . . . huge funds, and run practically tuition-free schools, colleges, and hospitals along with providing free food and shelter to the needy.

Individual charity in India is often in kind rather than money. It is quite common in India that people assume responsibility to feed all the poor people who come to a temple in their region for a day, two days, or a week. Often such charitable acts are performed in the remembrance of their parents, or to celebrate some achievement in their lives, such as promotion in a professional career, unexpected large profit in business, birth of a child, etc. Many business people are known to donate valuable jewelry, or gold and silver. Hindu Undivided Family laws do allow for a certain percentage of income to go to charity. However, all this is completely voluntary. There is no specific number, and mostly it is estimated to amount to hardly 1 to 2 percent.

17.4 Nonreligious Charities in India

A striking aspect of charities in India is that the majority come from those organized or supported by the central or state governments. According to Bain and Company’s statistics (Sheth 2010), only 10 percent of the donations come from individuals and corporations. This may be contrasted with the statistics that 75 percent of the donations in the United States come from individuals and corporations. The total philanthropy in India is three-fifths of 1 percent of the GDP (Sheth). This may be contrasted with 2.2 percent of the GDP in the United States. In

actual numbers, India's charity amounts to a little over \$5 billion, whereas charitable giving in the United States is over \$300 billion.

One well-known charity in India is the Prime Minister's National Relief Fund. The central government recommends and encourages people to donate to this Fund, for which they receive a 100 percent tax deduction. In the past few years, people have made earmarked their donations for people affected by tsunamis, earthquakes, or some similar disaster. The Government of India even organized a charity to help the flood-afflicted areas in Pakistan.

Besides the government-sponsored charities, there are many charities organized by the very rich individuals and institutions whose number is steadily growing in the last two or three decades. Comparable to the foundations established by Ford, Guggenheim, Rockefeller, MacArthur, etc., for excellence in arts, sciences, and other academic disciplines in the United States, there are the Tatas, and Birlas, . . . in India, who have regularly supported such charities. Next to them are the charities set up by the recently rich people such as Satyanarayanan Murty of Infosys, Azim Premji of Wipro, and Vineet Nayar of Tech Hindrance. In recent news, Azim Premji has given \$2 billion for rural education in the state of Karnataka.

Many people, such as Desh Deshpande, and Tulasibagwale in Maharashtra, have started doing charity work in specific regions of India. They are setting new standards for doing charity in India.

Significant amount of charity in India has also come from American philanthropists such as Bill Gates and David Packard. The Bill & Melinda Gates Foundation provides about \$1 billion for AIDS and other health initiatives in India. Similarly the David & Lucile Packard Foundation, working with a nongovernmental organization, Janani, provides about \$1 billion for prevention of deaths among children and their mothers.

Impressive as these solitary individual examples of charity are, the sad part is that in terms of the "percent of annual income," the figures do not add up. Bain and Company's analysis of 30 high-net-worth individuals in India showed that they contribute, on the average, just around 1/4 percent of their net worth for charitable purposes. In fact the number increases as we go down on the scale of net worth as much as 1 to 2 percent.

In recent news, Bill Gates and Warren Buffet visited India in March 2011, in an effort to get the very rich Indians to consider pledging at least 50 percent of their wealth to charity ("Editor's Corner", News India, December 24, 2010).

Similar are the figures for the people of Indian origin settled in the United States, or Europe. Many of these non-resident Indians, or NRIs as they are called, have become multimillionaires in the last two or three decades. They are well-educated, socially and politically savvy, have a middle-class background, and have started giving to charities. But an unofficial estimate in terms of "percent of annual income for charity" is that their contributions hardly add up to 1 percent.

We feel that the low figures of annual percentage of income for charity among the very rich, or not very rich, or these NRIs, is not because of lack of will, but because the very thought that one should mark a certain percentage of annual income for charity is not in the psyche of the people from the Hindu religious tradition

To judge a person's sensitivity to charity, it is more important to see the percentage of annual income a person denotes, rather than the actual amount. Suppose a person A earns \$100 and gives \$5 to charity, and a person B earns \$1000 and gives \$10 to charity. In amount the charity of B is larger, but clearly A beats B in terms of the quality of the charity.

There are, of course, many nongovernmental organizations in India that are doing excellent work, and that will benefit from well-directed charity. Mostly these are local organizations, and they cater to the specific needs in a certain region. Many of them are small in operation, and do not come in the limelight as some of the examples cited above. Often they lack professional perspective.

The recent well-publicized example of such an organization is "Akshaya Patra Foundation", which was established in 2000, and is managed very professionally. The founder, Mr. Madhu Pandit, an IIT(B) alumnus, is highly competent and devoted his full time to the cause. It is getting generous support from all segments of society. Presently it is serving 1.2 million poor students meals during the day at schools across eight states in India ("Charity's Cause", News India, December 24, 2010).

Alumni associations of educational institutes in the United States and Europe organize fund drives for specific projects at their alma mater. In India most schools, colleges, and universities were supported by the government until a few decades ago, and the activity of forming alumni associations was conspicuous by its almost total absence.

The schools or colleges usually ask for unrestricted donations given to the corpus, not realizing that people are reluctant to donate to the corpus, for there are legitimate concerns as to whether, when, and how their money will be used. However, IIT- Bombay has come up with a better scheme: they ask for donations for specific projects. They put forth over 60 major projects for their alumni, which are expected to finish in one or two years, such as building new student dormitories, guest houses, or seminar rooms; developing specific centers, etc. They have found that the alumni respond to specific projects better than to donating to the corpus.

17.5 Some Problems in Doing Charity Work in India

There are some problematic aspects of doing charity in India by an individual, or organized by the government or institution, which must be mentioned.

1. Income tax law: In the United States, the income tax law allows for a 50 percent tax deduction for the amount given, provided the amount is less than 50 percent of the adjusted gross income, and allows for carry over from one year to another. By contrast, in India, the income-tax law allows a tax deduction of 50 percent of the amount given, or 10 percent of total income (whichever is lower), and there is no carry over.

On the other hand, contributions to the Prime Minister's National Relief Fund qualify for a 100 percent tax deduction.

We of course welcome the 100 percent tax deduction for worthy causes by the government, but believe that the italicized phrase, or the lack of carry-over clause, is a remnant from British times, when the government was not very eager to reward individual philanthropy, and in any

case, the number of wealthy individuals was small.

The income tax law in India definitely deters most donors from making larger donations. We strongly recommend the Indian government to reconsider the laws governing charity, as the number of wealthy individuals in the country is rapidly growing.

2. Inheritance tax law: Bain and Company's analysis points out that the U.S. inheritance tax rates are 46 percent for an estate of more than \$2 million. This is a great incentive for wealthy individuals to start private charity foundations during their lifetimes. There is no such inheritance law in India.

3. The Foreign Contribution Regulation Act: Established in 1976, this act has become archaic. It practically freezes most contributions from nonresident Indians living abroad to small organizations in India that would truly benefit from charity. The onus is on the small organizations to get an FCRA certificate. Obtaining this certificate is a complicated procedure that takes about a year. The small organizations usually do not have personnel with the time, knowledge, or energy to go through this bureaucratic procedure.

4. Routing restrictions: A number of organizations for routing the charities to India are by now established abroad by nonresident Indians. Until recently, these organizations were routing almost the whole contribution to institutions in India. But recently, they have started requiring that 5 percent to 10 percent of the amount of donations made by the donors must be given to the organizations themselves. Often the members of the executive bodies of these organizations do not share the idealism of the donors.

5. Requests for general versus earmarked donations. Many charity organizations in India are asking for unrestricted donations for the corpus of the organization, without saying how the money will be spent. As mentioned in the example of IITBombay, we recommend that the organizations ask for the charity for specific projects where the organizations have worked out the cost-accounting and time frame for the proposed projects well in advance.

Experience shows that the executive bodies of charity trusts develop hoarding tendencies toward the money given to the corpus. It becomes a totally different ball game when the money received is already assigned to a potential project.

6. Corruption: Another major problem in India today is corruption. The laws are made presumably to deter the funding of terrorist activities, which currently is a major global concern. But in practice there are many stories of the charity commissions themselves engaging in uncharitable activities! Often to move a file from one stage to another stage (literally from one room to another), people have to pay bribes to local staff, and higher officials.

At the other extreme, the figures about the money illegally deposited in the Swiss, German, and Mauritius banks are reported to be of the order of Rs 20 million crores. If the unethically stacked money is brought back to India from the Swiss and Mauritius banks, it is estimated that the Government of India can safely launch a social security system as it exists in the West. This would indeed be a major 21st-century achievement by India and the world.

17.6 A New Suggestion: The Annual Charity Index

Psychologists have come up with certain indices such as "intelligence quotient," "emotional quotient," etc. that measure certain traits in a personality. Investment companies have created many elaborate indices such as "alpha," "beta," " r^2 ," "P/E," etc. to measure the "risk tolerance," "aggressiveness," etc. of investors.

We suggest here that a similar index, the "Annual Charity Index," may be socially and widely

promoted, starting from the central and state governments in India itself. It is provisionally defined below. Through it a measure of a person's charitable instincts could be obtained. In spirit, this will be similar to the system of "Tythes" or "Zakat," but not connected to any religion.

For the very young, say before the age of 20, charity in financial terms is mostly not possible, and has little meaning, except that if parents are accustomed to giving charity, almost certainly the children will also imbibe the spirit and follow their parents' example later in life. Impressions accumulated in childhood are very deep. After a person gains a secure financial future, presumably between the ages of 25 to 35, each individual should be encouraged to assess his or her own Annual Charity Index for the previous year. People may be reluctant to give information as to which specific charities they may be donating to. But if asked, they should be more willing to reveal their Annual Charity Index, as this will not increase or decrease their liabilities vis-à-vis the government, or other institutions and individuals.

Moreover, the aggregate of the individual indices can be used to compute community cumulative indices of specific communities. These would be of great interest to social workers. In India, the Sikh, Jain, and Parsee communities are popularly known to donate at least for the benefit of their communities. Thus, while beggars are a common sight all over India, the unofficial data suggests that there are practically no beggars from the Sikh, Jain, and Parsee communities. For instance, the Sikh gurdwaras provide free food on a daily basis to all their visitors. The main beneficiaries, of course, are from the Sikh community. The Jain community has donated hugely to local schools and colleges, stipulating that a certain percentage of the incoming students should be from their community. Parsees, notably the Tatas, have generated a lot of goodwill by supporting higher education by generously donating money for those pursuing doctoral and similar degrees abroad at well-known universities such as Cambridge or Harvard. The Annual Charity Index will serve as a numerical measure for all such activities.

We provisionally define the recommended amount for the Annual Charity Index as 5 percent of a person's gross annual income. We have come to this general recommendation after running some models as to what a person who has secured a financial future may be reasonably willing to spare for charity. In the modern world, a person has to pay central and state income taxes, and may also have mandatory professional dues and similar other expenses. So "5 percent of the gross annual income" roughly works out to 8 percent to 10 percent of the "take-home" income over which a person has complete control. This roughly works out to the ideal set up by the makers of the "Tythes-Zakat" system.

We are concentrating only on the financial aspect. A person may be working for the community in other ways, without getting financial or other rewards, but going beyond his or her family. But we think it is better to measure such acts by other indices.

Our emphasis here is ascertaining the percentage of income that a person gives to the community beyond his or her family. This index can be objectively computed by and for each open-hearted individual. Promoting the Annual Charity Index will be a valuable form of "social engineering" (i.e., raising social consciousness), which is admittedly a long process. We all certainly wish that people should be spiritually inclined, take a step beyond their immediate or extended family, and think of the community. We would like to motivate people to do charity to the extent they reasonably can, after ensuring their financial future. For a person of reasonable means, it should

become a matter of pride to maintain a consistent charity index, and people should feel good and abundant about themselves for it. A simple example: if people would voluntarily donate to their alma maters, then there may not be any need for the local state governments to assess special taxes such as “education cess.” People often have an attachment to the place from which their families came. A lot can be achieved if their attachment translates into charity for specific causes in their ancestral places.

Modern states are trying to be welfare states. The buzz word in India is “development,” which is not caste, or creed, or the baggage of history. But leaving all the welfare activities to the state is hardly a good idea. The difference between the state doing something and individuals voluntarily doing it is enormous. For the state to implement anything invariably involves a lengthy process, and as experience shows, this also invites waste and corruption. In individual charity acts there is no delay and no possibility of any corruption or waste.

For many people, after a certain level, “making”(not necessarily earning!) money, and increasing their bank balances becomes a craze. In India, family bonds are stronger than in the West. Adult children often stay at home with their parents even after they are married. In India, especially in small cities and villages away from the metropolitan areas, the three-generational family structure is still a norm. In such a societal structure, there is a widespread feeling, especially among the middle classes, that one should ideally accumulate wealth, as the expression goes, “sufficient for their next ten generations”! To some extent this is indeed desirable, as it indicates that people are at least thinking beyond themselves, that they are good, hard-working citizens who are living within their means, and that they are saving for their children and grandchildren, and caring for their parents and grandparents. But a person should know that practically it is not necessary to think beyond the grandparents on the one hand, and it is useless to think much beyond the grandchildren on the other. Moreover, one should be aware that children and grandchildren may squander away the accumulated wealth in a short time.

We really wish to motivate people to think about the community so that the wealth may be utilized in a timely manner. As mentioned earlier, corruption is a very major problem in India today. There are many stories of uncharitable activities of charity commissioners, not to mention politicians, judges, and the official cadre. A few are exposed by the media. A way to counter the very tendency toward corruption is to promote the understanding of how much one really owes to the society regarding whatever success one attains in life. If sufficiently many people start donating, it would generate a positive, constructive thought flow in the society.

The Indian government can do much to promote the idea of the Annual Charity Index, starting from the way it is defined. We have provisionally suggested a rate of “5 percent of the gross annual income.” But the government can possibly bring more precision to the process after developing a consensus, and make an appeal to the Indian people to donate generously to charities of their liking. We recall that Prime Minister Indira Gandhi during the gold crisis in the 1970s made a similar appeal to the Indian people to refrain from hoarding gold and depositing it instead in the treasury, and many people responded positively.

In a concrete way, a line in the income tax forms can be inserted, which is a simple calculation (e.g., $100 \times \text{total donations} / \text{gross income}$). This data then can be grouped by city/state/country, asking the individuals to state their Annual Charity Index voluntarily. In U.S.

tax forms, there are such insertions; for example, where it asks the individual if he or she wishes to donate one dollar for the U.S. presidential campaign or provides simple worksheets to compute certain numbers. The government asks for transparency in the annual reports of commercial organizations such as banks and insurance companies. Publishing such annual reports is mandatory. In such reports, the government can make it mandatory at least for wealthy organizations to publish their charity indices.

After all, the society does expect a wealthy individual, who has more money than he or she needs, to contribute to social welfare. So the people have a right to ask a wealthy industrialist, or a politician: “What was your ‘Charity Index’ last year, and the year before that?” Similar questions may be asked to a rich organization.

How much better it is that a person of means contributes voluntarily to a good social cause in which the person is interested, rather than leaving it to the government to decide what are the good social causes and develop a tax structure to force the people to pay for them!

It is difficult to say that introducing and socially promoting the Annual Charity Index will make a decisive and immediate dent in changing people’s hoarding instincts. But it is a gentle step in the right direction. As Mahatma Gandhiji used to say, “you can gently shake the world.”

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Ancient Hindu Wisdom for Modern Day Management and Leadership

Prashant Joshi and Manju Joshi *

18.1 Introduction

The objective of this chapter is to relate the ancient Hindu wisdom to modern leadership and management, which on the surface may not seem relevant or having any correlation. At the end, we show an inseparable link between the ancient wisdom (Yogic principles and practices) and the universal attribute of leadership that can help an individual evolve from self-management to self-transformation to self-realization! Thus, whether you are running a household, a corporation, a global enterprise, or a country, this chapter can help you evolve into a better human being, a better manager, and a better leader, serving yourself, your family, and your extended family. This chapter

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raises hopes for all in building strong leadership attributes by learning from the lessons taken from ancient Hindu wisdom.

18.2 Lord Krishna's Actions and their Impact

Lord Krishna, the eighth incarnation of God in Sanatana (Hindu) Dharma, and charioteer of Arjuna, declares in the Bhagvad Gita, which is a part of a great epic called the Mahabharata: Yada Yada Hi Dharmasya, Glanir Bhavati Bharata, Abhyuthanam Adharmasya, Tadatmanam Srijami Aham. ² Translation: Whenever the Dharma (righteousness) is on the decline (decaying), Oh Arjuna, I myself incarnate to revive the Dharma. This famous verse from the Mahabharata, even though given in the context of those times and the particular situation of the war, is of eternal value in terms of its applicability to the principles of management and leadership. Once we are able to relate to the universality of the principles of management and leadership, it becomes very clear that the ancient seers and sages and today's management and leadership gurus are saying one and the same thing. We further attempt to simplify and demystify these principles in this chapter on Ancient Hindu (Sanatana Dharma) wisdom for modern-day management and leadership.

18.3 Dharma Simplified and Demystified

The word dharma has its root in dhru, meaning “to hold.” The opposite of dharma is adharma, which literally means “injustice” or unruly behavior. During any crisis, whether it is at an individual level or in the family, community, nation, or even the entire world, a leader emerges to “hold” the respective unit together. It is Lord Krishna’s prophetic vision that makes him proclaim with conviction that as dharma is in decline and adharma becomes pervasive, he incarnates on this earth to revive dharma again. He further proclaims that: Paritrany Sadhunam vinashay cha dushkrutam Dharmasansthapanarthay sambhavami yuge yuge.³ Translation: For the protection of the virtuous people (pious), for the destruction of the evil people and for establishing virtue (peace), I manifest myself in every era. Krishna clearly describes in the Bhagavad Gita the importance of behavior of a leader. According to Krishna, a leader’s behavior must be exemplary, for people observe a leader and try to follow him or her.

Krishna’s says: Yad yad acharati shreshthaha tad tadevetaro janaha Sa yat pramanam kurute lokah tadanuvartate.⁴ Translation: People follow a great person. Whatever he (she) upholds as an authority, ordinary people follow that. Lord Krishna himself was a realized soul and a Purna Purushottam (a complete magnificent man), and considered as an incarnation of God. He tried to establish peace around him, yet he had to make some hard decisions to save the masses from suffering. Krishna says that he had no desire to acquire anything in the world, yet he had to behave as if he were attached to it so that the whole society would not become passive and complacent.

In Krishna’s words: Na me parthasti kartavyam trishu lokeshu kinchan Nanavaptnavaptyam varta eva ch karmani.⁵ Translation: Oh, Partha (Arjuna), in all the three worlds, there is no duty to be fulfilled by me, nothing is unattained that should be attained, still I keep working. Krishna declares Yoga as: Yogaha karmasu kaushalam⁶ Translation: Yoga is dexterity (efficiency) in action. And Krishna also says earlier, Samatvam Yoga utchyate.⁷ Translation: Evenness (of mind) is called Yoga. We can conclude from Krishna’s definitions of Yoga that a leader should be efficient as well as even-minded both in decision making and controlling oneself. We will elaborate later on the universal attributes of leadership taking into account these definitions and their eternal value for handling the most difficult situations in life. Elsewhere in the Mahabharata, a question was

³ Bhagvad Gita Chapter. Verse: 4.8

⁴ Bhagvad Gita Chapter. Verse: 3.21

⁵ Bhagvad Gita Chapter. Verse: 3.22

⁶ Bhagvad Gita Chapter. Verse: 2.50

raised about the relationship between a leader and the making of a society, and the answer was given in the following verses as: Raaja bhavati karanam.⁸ Raaja kaalasya karanam.⁹ Translation: King is the cause of the time (rise or fall of the society) Rajdoshenahi jaga sprushyate sa cha.¹⁰ Translation: King’s Faults affect the people and people’s faults affect the king. History testifies that a leader’s decisions can make or break the society. Thus, it is a moral duty of a leader to make fair decisions, based on rationality and the context of the situation, and not on whim, fancy, or raging emotions.

The section above takes into account Krishna’s wisdom, being the Purna Purushottam, and its impact at the time of a crisis. His level-headed, patient, and righteous approach to deal with a

difficult situation is exemplary and serves as a guide in modern times for leaders from all walks of life.

18.4 Emotional Decision Making (Ramayana)

If we look at another epic from the ancient Indian history, the Ramayana, and some of the decisions it describes and their repercussions (e.g., one can debate the rationality of King Dasharatha's decision to send Rama to the forest for 14 years based on one of his queen's (Kaikeyi) whimsical wish. Shortsighted thinking, false promises, and the cunningness of selfish loved ones had tremendous repercussions on the Ramayana and Indian society on the whole. Similarly, King Lord Rama's decision to let go of his queen Sita based on a doubt of her purity raised by one of the citizens is a subject of an interesting debate on his decision making. There is a reason Rama is called Maryaadaa Purushottam (a self-controlled magnificent person). Lord Rama was a popular king and as a leader of the people, cared immensely for their welfare. In ancient times, the good and people-welfare-minded kings abided by the principles of "for

⁸ Mahabharata Canto. Chapter. Verse: 5.130.16

⁹ Mahabharata Canto. Chapter. Verse: 12.70.25

¹⁰ Mahabharata Canto. Chapter. Verse: 5.130.18

the people," "by the people," and "of the people," and hence their people were also happy, prosperous, and of good moral conduct. The phrase, Rama-Rajya refers to the ideals that Rama set for his people during his rule as a king.

Kalidas, a great poet (57 BC or 634 AD) (the dates for Kalidasa as set forth by M. R. Kale in the introduction of the Raghuvamsha, an epic), in describing the dynasty of Raghu in which the great king Rama was born, identifies the qualities of great kings. In the first canto of Raghuvamsha, Kalidas says,

Tyagay sambhrutanan Satyay mitbhashinam¹¹ Translation: (A great king named Dilip in the Raghu dynasty) acquired wealth only to be distributed among the people. He spoke less (and acted more) to preserve the truth. He further says: Gyane maunam kshama shaktau tyage shlaghya viparyayaha¹² Translation: Although the king was knowledgeable (wise), he kept quiet (humble), strong yet forgiving and full of virtues and yet without pride. Further glorifying the king Dilipa, Kalidasa says: Prajanam vinayadhanat rakshanat bharanadapi Sa pita pitarstasam kevalam janmahetavaha¹³ Translation: Due to his keen interest in educating, protecting and maintaining his subjects he was (virtually) their father; their biological fathers were merely the sources of their births. Kalidas has described the qualities of great leaders very vividly. A leader is non-greedy, true to his words and promises, humble and forgiving despite being powerful. Moreover, he should take care of his people like a loving parent, always focusing on their well-being.

Janaka (a wise person in the epic Ramayana) and Yajnavalka (a great sage) have said that it was the function of the leaders of people to make them fearless. In the rein of Lord Rama, the seventh incarnation of God in Sanatana Dharma, people remained fearless and happy. Rama was a brave and fair-minded leader. His rule was just and compassionate. A fearless and content society can be creative, productive, and prosperous.

¹¹ The Raghuvamsha of Kalidasa Canto. Verse: 1.7 (Introduction by M. R. Kale, Delhi Motilal Banarasidass, 1991)

¹² The Raghuvamsha of Kalidasa Canto. Verse: 1.22

¹³ The Raghuvamsha of Kalidasa Canto. Verse: 1.24

Many Hindu kings were devoted to righteousness, and were always keen on the all-around progress of their people. The kings would seek advice from the wise people and sages (Raj-guru). They would encourage many artists and would wholeheartedly support the arts. They would never attack others except in selfdefense even though they were capable of conquering the entire planet on the basis of spiritual power. Similarly, in the later part of their life they would hand over the reins of their kingdom to their heir and would perform further spiritual practices by their voluntary acceptance of Vanaprasthashram (leaving for the forest). Thus they showed courage and nonattachment to power.

18.5 Leadership and Four Pillars of Sanatana Dharma

Sanatana Dharma defines four pillars for leading a purposeful life called the four purusharthas. They are dharma (righteousness), artha (wealth), kama (desires), and moksha (liberation). The order is interesting and matters according to Sanatana Dharma. We do need wealth and desires but they all have to come about using dharma (righteousness). After serving their own needs, their family's needs, and their community's needs, the real purushartha left is to let go of all the ego to renunciate everything so as to achieve moksha (liberation). This structure of four pillars to lead a purposeful life can be applied to modern times at the individual, family, community, and national or international level to warrant ethical behavior from individuals, families, communities, corporations, and nations alike. After understanding these principles taken from the Mahabharata, Ramayana, and the four pillars of leadership and their impact on leaders, we come to our final section describing the universal attributes of leadership applicable for today's and tomorrow's generations.

18.6 Universal Attributes of A Leader: An Inseparable Link Between the Leader and Yogi

We will define universal attributes of a leader using the ancient and yogic definitions, principles, and practices, and establish an inseparable connection between the two. Yoga is about creating harmony at all levels of our existence—physical, emotional, social, and spiritual. Leadership is about having the vision and direction for betterment of a cause and executing the same, time and again. We now know from history about the contribution of good leaders and bad. It can be the difference between ignorance and bliss, war and peace, or life and death. By understanding and practicing Yoga, we feel that we can create better leaders at all levels and in all fields, creating social harmony from the individual to the community, and within the larger community, the nation, and the entire world. Would it not be nice to have a pipeline of outstanding leaders at all times focused on the betterment of society at all levels?

History has shown that the Yogic principles and practices can benefit mankind, and it is our humble goal to do the same in our present time. So, if we put this age-old science of Yoga to use, we can create better leaders to serve the seven billion people of the world, which will in turn help us become truly a “one world” full of harmony, health, and happiness!

Mahatma Gandhi once said, “Leadership my way is to stand behind the people I am leading.” Gandhi was a student of Yoga. He used the yogic principles of non-violence (ahimsa), Truth

(satya), and steadfastness (sthita-pradnyata), and the yogic practices of Meditation (dhyana), Silence (mauna), and Chanting (bhajans) effectively. To stand behind to lead forward the masses on the right path takes certain attributes.

18.7 Attributes of a Leader: Yoga and Leadership 101

L for level-headed: Samatvam Yoga Uchyate (Bhagvad Gita ch. 2.48): “Evenness of Mind is Yoga,” thus says Krishna to Arjuna in the Bhagvad Gita. The true test of leadership comes during crisis. How to remain even-keeled despite chaos and panic is very important so rational decisions can be made. The Yogic practices of Praanayaama, Shavasana, and Dhyana are very practical tools to help us build and enhance level-headedness. Consistent practice trains the body and mind to function efficiently despite the adverse situation. As we increase our ability to listen to our own body and mind well, listening to the masses becomes easier. There is a reason we have two ears and one mouth. We should listen twice as much as we speak!

E for efficient: Yogaha Karmasu Kaushalam (Bhagvad Gita ch. 2.50): Another quote from the Bhagvad Gita defines Yoga as “efficiency in action.” Efficiency is an important attribute of a leader. Someone has said that managers do things right whereas leaders do the right thing! It is not about doing ten given tasks but about optimizing and doing them in just five. Efficiency comes through careful analysis and action. Yoga makes your body and mind more efficient so the energy is conserved and used efficiently toward the crisis in hand. We are all focused on making our cars, houses, and environments more efficient, but we forget to restore the efficiency of our own body and mind. Healthcare can be made more efficient if proper Yoga practice is prescribed and carried out.

A for Aware: (Sensitivity– Taralata–quality of a yogi): Leaders are expected to solve problems and intervene in crises. If we are aware of the root of the problem at hand, solving it becomes easier. Developing awareness is how we get to the root of any problem. We are a very busy society with no time for self-awareness. Yoga helps tremendously by increasing the sensitivity of our bodies and mind so we are aware of when we are sick, hungry, tired, and so on. A leader with a heightened sense of awareness can do wonders for the society. Preemptive actions can be taken before a crisis develops and escalates to all levels. After all, an ounce of prevention is better than a pound of cure, is it not?

D for Daring: (Courage– Dhairya)—quality of a yogi): A good leader should dare to do the right thing, which is not necessarily the most popular thing to do. To stand up against a bully— whether the bully is an individual, a community, or a nation— requires tremendous courage. Yoga practice makes our bodies and minds strong so we do not fall prey to internal and external bullies. Weak minds succumb to temptations, and weak bodies succumb to diseases. Yoga makes us strong, yet at the same time keeps us soft so courage and compassion can coexist! The practice of Praanaayaama is how we conquer anxiety. Franklin D. Roosevelt (FDR) said, “The only thing we have to fear is fear itself.” This statement can be experienced with consistent practice of Praanaayaama. Practice of Asanas can make the body so strong that we can conquer disease!

E for Exemplary: (Only way to lead is by example): Leadership is not just talking about these attributes but putting them into action. Leading by example is the only way to lead. To motivate the masses to lead a life full of purpose, energy, and vitality, a leader needs to exhibit those qualities through his or her actions. Yoga is one therapy where the therapist must be

experiencing the therapy that is being prescribed to the patient. Consistent Yoga practice helps us be energetic and then that energy can be used efficiently for the betterment of society at large. Many times, leaders do exhibit a lot of energy directed toward wrong things, or at the expense of relationships or health. Yoga helps us have the cake and eat it too!

R for Righteous: (Dharmam Chara¹⁴) Do the Right Thing): After defining leadership in the context of Yoga, we come to the punch line: all the above attributes culminate into doing the right thing! Talking about doing the right thing has to end in doing the right thing. Leaders through their level-headedness, efficient approach, awareness of society's needs, courage to stand up for a just cause, and desire to lead by example need to do the right thing in the context of a situation. Right is relative. Yoga practice keeps our rationality and intuition alive. During a crisis, leaders need to lead using their heads and hearts. Dharmam

¹⁴Taittiriya Upanishad Ch.10.1 Comm: Eknath Easwaran, Penguin, New Delhi, 1996)

Chara (live righteously) is nothing but saying—do the right thing! Dharma is a universal principle of holding the society together.

18.8 Final Remarks

In this chapter, we have traced the actions of leaders from ancient India (Lord Krishna and Lord Rama in particular), analyzed their impact, and come up with universal attributes of leadership where we have shown an inseparable link between Yoga and leadership that is universally applicable to all times. Putting the Yogic principles and practices to use can help us all tremendously at all levels—from an individual to a nation, to the entire world. Vasudaiva Kutumbakam—the whole world is a family—can then become a reality when every person in the world thinks and acts with these leadership attributes. We would like to see Yoga practices added to our primary, secondary, highschool, and college curriculums to bring physical, emotional, social, and spiritual harmony. Corporate leadership and management training needs to adopt the Yogic practices to make sure all the attributes mentioned above are addressed. Once we lay a strong foundation, the new, emerging leaders can lead the way for a bright future for the society with thriving global health and global economy, and the entire ecosystem!

Chapter 19

Yoga for Growth in Human Capital

Samprasad D. Vinod¹

19.1 Introduction and Abstract

There is a vast difference in the concept of human capital² as understood by the economists and by the great seers and sages from ancient India. The sages offer a highly systematized, practical tool in the form of yoga to build this capital for accomplishing harmonious growth at individual, collective and universal levels. Yoga is an integral part of the Hindu religion, but not in the conventional, restrictive sense of the term religion. As widely understood, yoga is also not just a matter of series of difficult contortions of the body or inexplicable feats shrouded in mystery, but a very rational and profound way of living. It is a science as well as art of living. It addresses and helps one integrate all dimensions of human existence for individual growth

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²See Janet Curie's 2009 survey of economics literature on the topic stating that the focus is on formal education and health. References are listed at the end.

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without jeopardizing interests of the animate and inanimate entities from the universal existence.

Indian seers had a unique vision of life and that of human capital. They had realized that human life is just a small phase in the overall scheme of things. It is a continuum of pre-birth state or pre-incarnation, present birth and post-humus existence or reincarnation. They had realized the real worth of human life and offered a very pragmatic, scientific and rational way of living life fully, richly but without losing sight of the ultimate goal of liberation or emancipation from the suffering while one is alive and from birth and death cycles posthumously. They had understood and strongly advocated the profound importance of knowing the basic realities of life and living up to such knowledge as a means to releases oneself from the clutches of Ego or Limited Self and lead a life governed by the Core Self, which is full of joy, wisdom and spontaneity.

Hindu religion is not like any other religion of the world. It is founded on the eternal principles of life and therefore it is better called as Sanatan Dharma or Eternal Religion. This chapter explains various concepts, practices, systems and rituals from the Sanatan Dharma (Hindu Religion) that are conceived and developed by the seers and sages that can be used as powerful tools to handle, care, nurture and develop human capital.

19.2 Capital and Human Capital in Economics

In economics the term capital denotes a factor required for production of goods and services that

are essential for economic growth. Other factors are land and labor. In fact, capital is necessary for every kind of growth, not just economic. The human body stores glycogen and fat, which are put to use when demand for energy suddenly increases—say while running or while playing squash, etc. Similar to economic activity, the human body first utilizes the easily and immediately available energy resources before dipping into its own energy reserve or capital. When the demand for energy exceeds the normal consumption rate, the body mobilizes its stored energy resources. If the energy input is more than what is normally needed, the body uses its surplus energy to replenish its energy reserves and to build strength.

In economic context, the capital needs of growth companies are larger as compared to value companies. A sound capital base provides a strong foundation for other factors to work more efficiently towards improving product quality. Quality products get sold easily and help develop brand, which improves perpetual sales on which business thrives. Access to capital is also essential for growth in productivity through development and deployment of technology. A strong capital base also gives credibility to a person, company, or venture, which permits raising money in the market for further growth or tiding over unforeseen production problems. Once the problems are over, a wise businessperson focuses on replenishing the used-up capital reserves (About.com.Capital, 2012).

Human capital as understood by economists is a stock of competencies, knowledge, skills, ingenuity, leadership, and other attributes embodied in an ability to perform work to produce something of economic value. Sound economic growth is essential for sound human growth, and the other way around. Human capital plays a critical role in this regard. It is an intangible asset, which cannot be permanently owned by anybody for indefinite period of time. There is an interesting relationship between competency and capital. The competency found in doctors, lawyers, engineers, or professionals is an expandable and self-regenerating capital asset. The knowledge part of human capital is transferable. The people who impart such knowledge to others can use it for themselves too, but by sharing it with others, its scarcity value gets substantially diminished. Dissemination and sharing of knowledge occurs through variety of means.

Human capital can be accumulated by making additions to the existing wealth in the form of competencies, etc. and can be used for subsequent redistribution (About.com.Capital, 2012, About.com.Human-Capital, 2012). Additions to human capital are possible only when one is willing to and is receptive to learning. Knowing what one “knows” breeds confidence and knowing what one “doesn’t know” brings receptivity. Humility and receptivity go hand in hand. Through close monitoring and subsequent knowledge of the complex operations of one’s own ego by using certain yoga practices one becomes aware of the individual and collective ego problems that are detrimental to individual growth and therefore for growth of human capital.

19.3 Human Life is Precious

Everybody knows that human life is precious, but the great Indian sages and seers had realized millennia ago that human life is the greatest form of capital. It is the advanced form of life, which is the ultimate culmination of growth through series of birth and rebirth cycles stretching over eons. It is precious because liberation or emancipation from the birth and death cycle, the main cause of human suffering and the ultimate goal of human life, is possible only for human

beings, who are adequately equipped with suitable armamentarium to attain this goal. They are endowed with the unique ability to prepare for liberation through faculties like thought, choice, and action. This special gift from nature separates them from rest of the forms of life in the universe. All other species are governed by four instincts, namely, craving for food, need for sleep, fear of predators, and preservation of the species through procreation. This is summarized in the Sanskrit phrase Aahaar, Nidraa, Bhaya, Maithunam cha (translated as food + sleep + fear + mating) (See Appendix and Practical Sanskrit 2011).

The Vedic scriptures enjoin that this precious capital of human life must not be squandered. All that is within the ken of human senses, including mind and intellect, is merely a manifestation of the maya, or illusion. Maya means that which appears to exist but actually it does not—a mirage. The term maya indicates borrowed existence, such as the numerous images of the moon in the puddles of water. Maya remains suspended when a person is in a state of supra-sensory consciousness. The illusory reality experienced under the influence of maya is called Pratibhasik Satya or “Illusory Truth.” The scriptures such as the Bhagavatgita teach the ways and means to freedom from the influence of maya. Karmayoga (Path of Action), Bhaktiyoga (Path of Devotion), Dnyanayoga (Path of Knowledge), and Raja Yoga are some of the time-tested ways of life to choose from, depending on one’s mindset, to understand and transcend maya (Abhyankar 2005).

19.4 Types of Truth and their Relevance in Life Capital

Walking on a pedestrian path, following traffic rules while driving a car, eating a particular type of food, wearing certain types of clothes, etc. are some of the examples of Vyavaharik Satya or “Practical Realities,” which may vary from country to country, society to society, and class to class. They do not constitute the Ultimate Truth. The highest order of truth or reality, which is above all other forms, is called Paramarthik Satya or “Ultimate Truth.” It is the absolute, and immutable. Human beings get born and they die, but the Ultimate Truth or All Pervasive Universal Energy Principle that makes birth and death possible remains the same all the time. Similarly, solar rays are different at every sunrise and sunset, but the elemental primordial energy in the form of hydrogen fusion that makes the sun emanate those rays remains the same at all times, because it transcends time and space.

A clear knowledge and understanding about these truths equips one to negotiate through variety of trying situations in life with great ease and effectiveness. Consequently, those situations are brought under control more readily to alleviate pain and suffering. Naturally, such life is full of joy and free of stress. In the process, the human “life capital” remains largely intact and therefore easily available for leading our intricate life more proficiently (Vinod 2007a, 2007b; Shankaracharya 1981).

Pratibhaasik Satya or Illusory Truth and Vyavahaarik Satya or Practical Truth come under the domain of “Limited-Self” or “False-Self,” which is governed by the ego. The Indian concept of ego is quite different from the one propounded by Sigmund Freud. The seers call it Ahamkaar, which means a “Sense of Inness,” which gives one an identity that separates the person from the rest of the world. This separateness helps the person look after himself/herself well. It makes one aware of the basic needs that have to be satisfied for one’s survival. As long as this separateness or Ahamkaar remains within its assigned boundaries, there are few problems. But, if it crosses

those limits, it becomes harmful. It affects one's control over oneself, over one's actions, behavior, thinking, and emotions, which tends to create difficult situations and serious problems. More importantly, such situations consume and deplete one's energy reservoir, or life capital. That is why Indian spiritual masters have emphasized the need of proper understanding and mastering of the Ahamkaar, and all its attendant perturbations, so as to transcend them and thus reduce one's suffering. A person who suffers less tends to waste less and preserve more of his/her available human capital resources (Shankaracharya 1981).

19.5 Oneness of All Existence Helps Build Proper Relations

Proper inter-human relations within the organization and with others connected with it forms the most important feature of a thriving business. It is interesting to see how Indian sages look at this issue.

Alongside "Limited Self" there is another less perceptible, less tangible but most fundamental entity of life as understood by the seers. They called it as Atman or Purush. It manifests as an apparent "Part" of the "Whole," or Paramaatman, or "All Pervasive Universal Energy Principle." The sages offer a wonderful simile to demonstrate the "Essential One-ness" between the "Part" and the "Whole" by pointing out that the "Space Inside" an earthen pot is qualitatively the same as the one that surrounds the pot. The "pot-space" appears different only because it has temporarily assumed the form, size, and shape of a pot, whereas the outside space has no form or boundaries—it is open, all-pervasive, and free (Shankaracharya 2004).

Understanding the essential "Oneness" of the "Parts" and the "Whole" allows one to see the "big picture" and consider the broader frame of reference as one relates with oneself and others while facing the small and big problems. The realization that "I am part of the Whole" helps one become simultaneously confident and humble. Humility and confidence, going together, is a great toolbox that can be put to profitable use for fixing our relationship problems to lead a happy, productive, peaceful and meaningful life. This is the best and wisest way of using available human capital.

It is fascinating to see that all entities that are "Integral Parts" of the "Whole Existence" are made up of the same basic elements—physical matter, water, fire, air, and space, in infinitely different quantities, proportions, and appearances. A stone is predominantly made up of physical matter as compared to plants that have other elements along with the physical matter. These basic elements are all-pervasive and independent as well as interdependent, entities that do not stay attached to any particular part, but keep continuously transmigrating from one part to another to keep the life-forms alive and vibrant. The ancient sages established through an in-depth and rigorous analysis along with profound exploration that all the animate and inanimate objects that exist in this world only appear different from one another due to the superficial differences in their "forms and appearances." But, essentially they are the same as the whole. Therefore, apparent "separateness" is an illusion, and underlying "one-ness" is the fundamental and constant reality. The illusion of "separateness" is governed by the "limited-self." It works within the gamut of sense organs, body, mind, and intellect. Realization of the "true-self" reveals the "underlying one-ness" of existence. Seeing, understanding, realizing and living up to the truth of "unity in the middle of apparent diversities" can transform one's worldview, compared to those who are ignorant of it. A holistic worldview helps one reduce friction in all relations and put the available

human capital to proper use for registering true profit in the form of profound and lasting happiness within oneself along with material profits in the outside world. (Shankaracharya 2004).

Those who do not understand this basic reality of life tend to treat human life as capital for individual and collective gain to safeguard their strictly material interests. This is where the Indian seer's approach to life appears radically different from the Western approach. The seer's perspective of the "capital of life" is not restricted to only "individual" life, but it also takes into account the rest of the world comprised of all "living" and apparently "non-living" entities.

For ages the Indian ethos has been under the profound influence of seers, sages, and God-men and women, whom they emulate and whose teachings they try to live up to. Naturally, the worldview of common populace is positively influenced by those enlightened and wise persons (English Pravda.ru 2006; Pandit Pathakshastri D.P. et al, 1988; Joshi P.N. Dr., 1987).

19.6 Indian Culture Full of Rich Spiritual Literature

The Hindu wise men and women driven by a deep compassion for the welfare of all creatures always tried their best to make their profound wisdom available to the masses as well as classes through a wide variety of teachings that are founded on different visions of the same truth expressed through varying schools of thought. This includes the intellectually appealing approach to spiritual knowledge condensed in the Bhagvat-Geeta (a dialogue between Lord Krishna and his disciple Arjuna), the Upanishadas (integral part of Vedas—Upanishad literally means to sit by the side of a guru or idol or oneself to understand the deeper realities of life), and the Brahma-Sootras (also known as Vedanta-Sootras or Uttar-Mimaamsa.) Sootra is a succinct, compact, precise, coherent and meaningful form of literature that is studded with pearls of wisdom that need to be uncovered through carefully designed and followed spiritual practices that lead to experiential understanding of the higher truth.

The vast Sanskrit literature also includes the 18 Puraanas (Puranas means those that are of ancient times), Mahabharata (ancient epic composed by the great sage Maharshi Vyaasa). It contains philosophical and devotional concepts, thoughts, and practices), Raamaayan (Raam + aayan means progressing, going ahead—it is another Indian epic composed by the sage Vaalmiki), and Bhagawat (narration of interesting stories full of spiritual guidance as told by the sage Bhagawaan Vyaas to Shukadev). They are designed for the common populace. This literature contains jewels of deep understanding of the fundamental realities of life that are available to all, whether they are intelligent or common people. This voluminous literature was designed to make the deeper significance and meaning of human life accessible to all people to help them employ their "human capital" to discover eternal happiness through self-realization and salvation along with material prosperity, than to squander it by running after mere transient material achievements. They were not against material wealth. They did not also expect everyone to renounce the worldly life. They considered worldly life as a means to an end and not an end in itself. (Pandit Pathakshastri D.P. et al, 1988; Joshi P.N. Dr., 1987; Goendka Jayadayal; Puranas; Dhavale Keshav Bhikaji, 2004).

Belief in the pre-birth and post-humus human existence of humans has influenced the "Indian psyche" for ages. It has also had a lasting impact on the way most Indians think, behave, emote, and act. This profound concept offers a deep sense of continuity to human existence and thus

removes feelings of insecurity and uncertainty. Whether this concept is scientifically proven or not is beside the point, but faith in it surely helps one navigate through various uncertainties and vagaries of life with dignity, take all problems that are part and parcel of daily living in stride, and solve them with ease and efficiency. It lends a sense of continuity to life in general and individual life in particular. This concept also provides deeper meaning to life which is beyond material and gross, which in effect provides stability and poise that is necessary for judicious use of the available “human capital” for individual and collective growth.

19.7 Positive Impact of Culture on Hindu Way of Life

The Indian ethos with its rich spiritual literature has left a deep impact on the Hindu “Way of Life”, which has helped them learn to care for themselves and for others. This attitude is amply reflected in various customs that prevail in Indian culture, which are products of the influence of a “Holistic Perspective of Life” evident in the lives of the seers. The worship of poisonous cobras on an auspicious day called Naagapanchami is a gesture of respect and gratitude toward this beautiful creature for its contribution to agriculture by eating the harmful rodents that destroy crops. Rodents themselves are also important because they eat small insects and waste material from the fields, for which they are given the status of being a carrier of Lord Ganesh. Daily worship of a Tulasi shrub or the annual worship of the banyan tree or adoring a male buffalo by worshipping him on a special day of the year are some of the practices that are warm gestures of gratitude towards all “parts” of the “whole” existence that serve us to let them know that we care for them. Isn’t this a beautiful approach? Indian culture is full of such small ceremonies and rituals to express love, respect, and care. The day of a truly cultured person from India begins with a morning prayer to offer thanks to Mother Earth before one steps on the floor for bearing one’s weight for days and nights and also for being so tolerant and forgiving towards the indiscriminate use of her resources. Such an attitude surely brings about radical change in the way one looks at insatiable human greed and to contribute towards regaining lost ecological balance.

It is also customary to first offer the food one intends to eat to a god as naivaedya and then eat the same as His blessed and holy food. Before one eats one’s meal, a small portion of the food is offered to a cow as a gogras, and to a crow as kakabali, to appreciate their contribution to human existence, health and welfare. Before meals, food is also placed on the floor next to the plate; this is called chitraahuti, which is an offering to small insects and creatures nurtured on the household soil. A truly caring attitude toward everything that exists around oneself helps one develop warmth in all relations, which promotes individual and collective growth in a cohesive and harmonious manner that guards interests of all in such a nice and beautiful manner. A wonderful approach to life like this is bound to help one canalize “human capital” in the right direction (Aryabhatta.com 2011).

19.8 Wise Way to Pass Through Life Transitions

In a nutshell, we may say that the Indian understanding of the “capital of human life” is really quite different; being so comprehensive and profound. Over the ages some of the important spiritual concepts have proved instrumental in shaping this understanding. The Indian ancients developed various procedures and techniques as parts of the system for helping people make judicious use of their available life capital. This process starts from the time of conception and continues right through life until the end. As human life is invaluable and sacred, every

important phase of life is treated with respect and reverence. The ancients identified 16 such phases or important transitions in life and formulated various sacred rituals to celebrate those moments. While performing such procedures one goes through a series of experiences related to the outer world in a nice, beautiful and gentle manner, so as to prepare the person for not getting shocked at the time when one actually passes through similar experiences in real life. This makes life easy and less problematic because the precious “life capital” is not wasted in disturbances and turmoil caused by such transitions. (Chitrav 2005).

The rituals performed at the time of those transitions are as follows:

1. Garbhadaan: This is done during sexual intercourse between husband and wife (not just sex partners), which is intended for the specific purpose of procreation (not just for sensual pleasure or gratification). It helps prepare the couple to look at the sexual act and conception with reverence and divinity.
2. Pumsaavan: When the actual conception takes place and one wants a male child, the second ritual called Pumsaavan is performed.
3. Seemantonayan: It is performed by parting the hair of the expectant mother in the middle, playing music during the process to keep her spirits high. This particular ritual started from the times when childhood marriages were in vogue. Parting hair in the middle also meant a lot to a 'S'would be mother' in times when they were not treated as equal to men. Now, things have changed a great deal in India as all over the world. Women are enjoying much better social status and respect through their individual achievements that are equal to or even more than their counterparts.
4. Jaata-karma: Performed immediately after birth of a child. The newborn is given a special name, which is whispered into its ear. This name serves like a secret PIN with which the father can establish access with the child at deeper levels of consciousness. The newborn is also given a taste of honey and cow ghee. Breast-feeding starts after this ritual. The taste of honey and milk is designed to create a favorable mental state in the child for the first experience of breast-feeding.
5. Naama-karan: This ritual is intended to give a specific identity to a child by giving it a formal name by which he or she will be known in the world and thus sow a seed of future verbal connection and communication with it and with the outer world. This ritual is performed after the mother and child have properly rested and are reasonably settled in their relationship with each other. It is usually done between 11 to 13 days after birth.
This identity is very important for a child. It is customary to give names of gods or goddesses and there is a reason for doing this- such name serves as a reminder to the child of all the extraordinary qualities those gods and goddesses represent whenever it is called by that name. It also reminds the person of his/her spiritual identity while being known by that name in this material world.
6. Nishkraman: This is performed when the child is given first exposure to the outer world under controlled conditions. It is done in the early morning or at dusk to avoid overexposure to light. It saves the child from sudden shock caused by abrupt change in external conditions.
7. Annapraashan: This is performed when the child is 4 to 6 weeks old and mere breast milk is

not sufficient to satisfy the increased appetite of a growing child. This is the time to wean the child from breast milk and switch to a semi-liquid, semi-solid, and solid food in a gradual manner. Doing it in a ceremonious and festive manner is an opportunity for the child to carry favorable impression about such food. This goes long way in taking care of the future food faddism. The festive atmosphere also leaves a deep and lasting impression on the child's consciousness.

8. Chudakaran: This samskaara (precious or sacred ritual impression) is performed when the newborn child has grown enough hair on its head. This is the time when the soft and delicate area on the vertex where the cranial bones meet is almost fused. During this ritual all the hair on head are shaved off completely except for a small tuft of hair at the back of the head. This is done to avoid excess perspiration causing skin infections. Secondly, it makes the child look less attractive so that it is less fondled by the guests coming to visit the newborn child and its mother. It reduces the chances of catching infections from such visitors. Moreover, in a tropical country like India, a daily bath is a must for health and hygiene. If the child has less hair on its head, the post-bath hair drying becomes easy and thus catching cold can be avoided.

9. Karna-Vedh: The next samskaar is piercing the child's earlobes. This is done around seventh or eighth month. Small golden needles are pierced through both the earlobes and are left there as pendants. Wearing gold close to one's body is considered good for health and wellbeing. It is due to the oligo-dynamic action of such metal. Wearing gold ornaments is customary in India for ages for this reason. (The Free Dictionary, 2011).

The seers had also realized the importance of experiencing intense physical pain at a very early age to truly wake up the child from intrauterine comfort and solace. It prepares him or her for going through similar painful experiences later in their life with better patience, perseverance, tolerance and grit. Exposure to the intense pain at an early age leaves a lasting impact on the consciousness of a child, which helps it remain ever alert and aware for facing such experiences in a balanced and composed manner.

10. Upanayan: This is one of the most prominent of all samskaaras. It means taking the child closer to its guru or teacher to begin the first phase of life called Brahmacharyaashram (or celibate phase). It would start around age eight and would last for 12 years. The ward would stay away from parents in a residential school, conventionally called an ashram or guru's residence. During this phase the child would be entirely focused on learning basic skills and acquiring theoretical and practical knowledge, as well as doing various practices that are necessary for a sound, healthy, and prosperous worldly life that would eventually lead him or her to spiritual understanding and self-realization.

11. Keshaanta: This marks the end of the stay at the guru's ashram. Completion of education is marked with removal of hair for hygienic reasons as well as for looking less attractive so that one does not get lost in one's appearance and remains focused on perpetual learning. It is also meant for people to look at the student's knowledge and learning more than mere physical appearance. This was followed by offering a guru-dakshinaa (not fees) to the teacher as a gesture of profound gratitude and respect for his teachings.

Knowledge has always been considered most sacred and invaluable wealth in India. Being invaluable implies that it beyond any price tag and therefore teachers would not ask for any remuneration from their students at the beginning of the teaching program. Everything at the

ashram would be free. Mainly kings but also the householders used to finance such schools. Naturally, neither the teacher nor the student was worried or preoccupied with monetary issues. The rich and the poor students received the same training. Poor students didn't feel shy about their monetary incapacity while staying in the Ashram with the rich students and could therefore entirely focus on learning. Obviously, the teaching and learning at such schools used to be of the highest order and standard. This is known as the Guru-Kul system of education. Incidentally, at our yoga center in Pune, India we have been providing training in this manner for last several years.

12. Samvartan: This means going back to parents after twelve years of separation to serve them and to lead a worldly life.

13. Vivaah: Marriage has always been viewed as an important samskaara and not just a breakable relationship contract. Many rites and rituals are performed during the marriage ceremony to provide precious advice and information to the bride and bridegroom for making their married life successful. Successful marriage with strong and caring family relationship creates a sense of belonging, security and strength that builds congenial set-up for using the available human capital at its best potential.

14. Vanaprastha: This phase of life indicates the completion of worldly duties and responsibilities to start preparing for a dedicated inward journey; the most important goal of life. This is meant for gradually withdrawing from the worldly life and getting ready for the final departure from this world in a nice and beautiful manner. This samskaara serves as an opportunity to review one's worldly life in a leisurely and care-free manner to make sure that one is really free of the worldly bondages. If not, one gets an opportunity to ponder over those issues for better understanding and freedom from those entanglements.

15. Sanyaas: This is the penultimate samskaara, which takes place after the preparation for inward journey is complete and one feels ready to leave the world with a smile without any grudges, prejudices or bitterness that are hindrances caused by attachment to the objects, persons, property or craving for future. Sanyaas literally means leaving everything at the feet of the god. This is a very intelligent way of leaving everything behind willingly before it is forcefully snatched by inevitable death. Such mental preparation goes long way in putting one's heart and head into doing everything one does in his/her life without being excessively attached to it. It is useful for maintaining inner poise and equilibrium while putting human capital to appropriate use during one's life time.

16. Antyeshtee: This is the last samskaara that is performed after death, when one says final adieu to the world and after the specific rites and rituals are performed by the close relations.

One interesting rite performed at the crematorium is going three times around the dead body carrying an earthen pot filled with water in it on one shoulder, with somebody making one hole in it after completion of each round. After three such holes are made in the pot, it is allowed to fall behind and break into pieces. This ritual signifies that the inner space of a dead person has merged with the outer space, and the earthen pot of the body is broken into its elemental parts forever.

All these samskaras are meant for providing forward thrust to individual growth at all the important junctures or transition points from one's life and to utilize the "life capital" in a smooth and organized manner to attain material and spiritual fulfillment.

19.9 Wise System that Allows Growth and Freedom

The ancient Indian sages also offer a well-thought-out and profound system in this connection by dividing life into four phases starting with Brahmacharyaashram and passing through Gruhasthashram and Vaanaprasthaashram to reach Sanyasaashram. This extraordinary system is designed to help one strike a wonderful balance between worldly and spiritual life.

Brahmacharyaashram is intended to lay a strong foundation for optimum and effective utilization of other phases of life, and to let it culminate into Sanyaasaashram, which is the pinnacle of human experience and achievement. This particular system provides a clear-cut road map to make the most of individual life to enjoy material as well as spiritual riches.

As mentioned earlier, in Brahmacharyaashram the students would stay at a spiritual hermitage in the proximity of his/her guru or teacher and Mother Nature. During this phase guru would explain to them all the fundamental truths of life in general and human life in particular. The important feature of the gurukul system of education was the opportunity for a student to learn the precious secrets of life by closely observing one's guru and to understand how spiritual truths are supposed to be lived in daily life.

This practical-based learning would clarify all doubts in the minds of the wards and help them prepare for leading a successful worldly life, which would be the second phase of life or Gruhasthashram. During this phase one would get married in a formal manner and lead the life of a householder. One would enjoy material life; create, maintain, and nurture wealth through just means; have sex for procreation (not for mere pleasure); bring up the progeny well; welcome guests as embodiments of God; serve, feed, and help them respectfully; take some portion of one's income and give it to needy people and extend help in cash or kind to other ashrams; these among others were the main responsibilities when one was going through this phase.

After enjoying material life for about 25 years, one would gather enough worldly experiences that would help him/her clearly realize its limitations and get ready for the next phase— or Vanaprasthaashram. In this phase, one is supposed to reflect, ponder, and meditate over worldly experiences and carefully consolidate one's position; train the next generation to take care of one's business or profession under one's supervision and guidance; share one's experiences with the new generation and fully equip them with necessary information, knowledge, and insights about leading a happy, healthy, and prosperous worldly life assigned to self-realization and God-realization; hand over the reins of the household to a properly trained next of kin; and get ready for entering into the final phase of Sanyaasaashram, or Phase of Liberation.

This four-phase plan is a very sound and scientific way of experiencing life fully and also preparing well for the final exit from this world at the time of death in a peaceful manner, taking care of all responsibilities and arranging everything in such a manner that there would be the least problems for the posterity, thus maintaining the system alive for the benefit of the generations to come (Vinod 1997).

This system comprising a set of practices is a highly scientific, rational, and effective way of

living a complete life; however it is a pity that it is not so much in vogue in India in its ideal form in present times.

19.10 Sanatan Dharma

Hindu religion or Sanatan Dharma is an integral part of Hindu life and it has a very special role to play in the development of “human capital.” One must however know that Hindu religion is not the same as other religions of the world. It is based on the eternal principles of life and therefore it is better known as Sanatan Dharma. The literal meaning of the term dharma for religion is: that which holds things together is dharma. The Atman or part of the All Pervasive Life Energy Principle or Paramatman within a person that holds different parts of his or her being, such as body, mind, intellect, and emotions together in an integument of one’s gross existence, is in fact that person’s dharma. This principle is the same for all human beings regardless of their actual religion, class, creed, nationality, etc. Dharma keeps everything together within itself and also helps keep things together outside. If we keep this definition of dharma in mind, then there is no room for any blind faith or a make belief system. There is no need to believe in the eternal principles, because whether one believes or not, they are going to operate as per their built-in natural plans. The only choice one has - is to understand and live with them. In the light of this definition, there is no room for promotion of any religion, because how can anybody promote eternal principles? They are just there. In this perspective, converting people to any religion, fights between different religions for any reason whatsoever, and all the rest of it become irrelevant, to say the least. If religion is that which keeps the whole existence together, then how can there be divisions among different religions? If religion means oneness of all, why waste “human capital” in unwarranted antisocial activities in the name of serving God or Scriptures or God men and God women?

19.11 Role of Yoga

The science and art of yoga is a “Practical Model,” if I may use the term, to understand, discover, and live up to the Sanatan Dharma. It is a science because it is highly rational and replicable by any person from any part of the world regardless of his or her identity. It is an art because it requires a highly refined, sensitive mind to understand its deeper secrets. It is not merely a set of a few difficult contortions of the body for sure, or a few breathing exercises, or some metaphysical phenomena or unusual feats. The physical aspect of yoga is just an iota of what yoga actually stands for and offers. Unfortunately, only its superficial physical aspect has so far caught the imagination of people at large. But, its all-pervasive, life-encompassing, ecofriendly and holistic dimension is not so widely known.

If properly understood and practiced, yoga can do wonders by influencing human life along with life in general on our planet and the entire universe. At present, our Mother Earth is being badly exploited by the human race for its selfish motives and interests at the cost of the rest of the existence. Due to such colossal exploitation, the earth is fast getting denuded and depleted of its precious natural resources, which at present has become a serious international problem. This problem needs to be handled in a very careful manner in harmony with the way the universe handles its problems by taking the well-being of all its constituent parts into account.

The important role yoga can play in this connection is - it can address individual, familial, social, national, and global as well as universal dimensions of the problem. The classical yoga practices

can bring about radical transformation in one's relationship with oneself and with all that exists around oneself. This transformation can have a direct effect on the individual human being who can then influence the family and society of which he or she is a part. By understanding and bringing into practice the Yamas such as non-violence, truthfulness, non-stealing, staying in tune with the All-Pervasive Universal Life Energy Principle at all times, and non-hoarding of material objects that are in excess of actual needs, one can develop the right attitude toward the animate and inanimate world around oneself. Such an attitude can bring about perceptible change in one's relationship with the outer world, which can significantly reduce its greedy and selfish exploitation.

Human beings are a conglomerate of body, mind, intellect, emotions, and spirit. All these aspects are individually and collectively important for our health and well-being. These aspects have their own specific well-defined areas of operation, and yet they cooperate with each other in the most beautiful manner. Asanas or yoga postures primarily address the physical aspect, and secondarily the mental, emotional, intellectual, and spiritual aspects. The primary effect of Pranaayaam or breathing exercise is on the mind and emotions, but it also affects other areas of one's being. Meditation essentially helps one stabilize one's mind and connect well with the spirit. Doing yoga practices with devotion and respect takes care of emotions (Rushi 2000).

A highly integrated, complete human being who is in communion with the universe can definitely make a huge difference in his or her relationship with the near and far environment in a positive manner to help undo the damage already caused by the so-called growth accomplished by the human race.

19.12 Growth in Human Capital

A very basic and pertinent question that needs to be answered in this connection is—why do we need growth in human capital? The answer may have different shades to it according to a particular worldview and perspective of life. A materialistic, consumption-oriented perspective would mean practical utilization of this capital in promoting more production and thereby more wealth. But, the practical questions that follow are: How long and how much production would be sufficient? (The answer could be—a continuous production until it satisfies the individual and collective needs of one society, and later on to take those goods or services to other societies to satisfy their needs, and so on and on!) What is the likely outcome of the process? An overproduction, incomplete utilization and consequent waste? The next rational step would be to look for new avenues and new markets where those products could be sold. If the markets and people are not yet ready to buy those products, make them ready by delicately engineering needs into the social fabric and individual psyche to promote more consumption !! In the process, the person who gets into the habit of consuming more and more happens to get depleted and consumed of his or her resources while those who cater to the person's ever-growing greed flourish, prosper, and thrive!!

Another important issue that needs to be addressed in this context is: what do we really mean by growth in general and human growth in particular? Is it only a material, measurable growth, or it also includes mental, emotional, and spiritual growth? Is it only for the health and well-being of the human race, or for the welfare of whole existence? Is human growth possible without taking other constituents of the universe along? Isn't the Holistic Growth model conceived by the

Indian sages and seers not a more comprehensive and wiser model than the Individualistic Human Growth model of the West? The Indian model is based on a completely different perspective of life and the overall scheme of things. This model gives adequate room for the Individual Growth and the health and well-being of animate and inanimate entities that comprise this world around each individual. This model teaches us how to attend to the needs of other habitats from the world around us and shows the ways of gentle caring, being respectful and grateful toward them for their contribution to human growth, regardless of whether it is direct, indirect, or remote. Such approach surely takes away all stress and strain from life. It paves way for the harmonious coexistence of all “parts” of the “whole” existence and also promotes proper utilization of the existing “human capital” in much wiser, productive and meaningful manner.

19.13 Shift of Focus

Interestingly, with the advent of quantum physics, the basic tenets of Newtonian science have come under serious scientific scrutiny. It is getting more and more clear to the scientific community that the divisive approach of empirical science to understand the deeper realities of life is not adequate for understanding “unity in diversity,” the very basis of all life. It can be better understood by taking the Indian Holistic approach of “Experiential Realization” into account than mere quantitative, empirical knowledge. This kind of paradigm shift from empirical to experiential is not easy to comprehend and digest, but it is the need of the hour to unearth the secrets of inner world as done by the seers. This would open new vistas for further enquiry and would help one lead a happy, contented, stress-free, and prosperous life, and make appropriate use of the available “human capital” for human growth without jeopardizing growth of other “parts” of the “whole existence.” Would that not be a better plan for growth than what is prevalent today? (Motion Mountain 2011).

It is interesting that Professors Ceasar Hildago of the M.I.T. Media Laboratory and Ricardo Hausman of the Harvard Economics Department have developed a new way of visualizing economic structure and sophistication. They conclude that the economies of India and China are relatively sophisticated but also poor. But, because of their sophistication, China and India have the potential for quick economic growth. This sophistication of India may well come from Hindu concepts of human capital (Harford 2011)

19.14 Epitome of Indian Wisdom and Final Remarks

Before conclusion, it would be very interesting to understand the epitome of Indian wisdom showing great originality of an illustrious ancient sage, Yaadnyavalkya. It is evident in a beautiful verse from the Bruhadaraanyakopnishad (Large Size Treatise on Self Knowledge). The verse goes like this: Om Poornamadah, Poornamidam, Poornaat Poornamudachyate, Poornasya Poornamadaaya, Poornamevaavashishyate. It means - whatever that exists in this world is essentially complete in all respects. Whatever that is drawn from it along with what is left behind is complete in itself. This is regarding one’s Core Self or the Atman. All that one does physically, thinks and emotes falls within the domain of Limited Self or the Ego-Driven Self. These aspects of one’s being; the Limited Self and the Core Self, are completely different from each other, and yet they live together in harmony until the end.

The coexistence or “Yoga” of these opposites is the greatest of all paradoxes of life. If properly understood and practiced, yoga can help one rediscover, accept, and learn to live with this

paradox, and thus be free of all conflicts that are mere extensions of the basic paradox. Moreover, by realizing that everything that exists, including oneself is complete in itself, one can be free of all strife, tensions and worries to lead a simple, contented life full of inner prosperity and richness, which according to the sages far outweighs material prosperity; provided it is not a flight of imagination or wishful thinking but an experiential reality. If such realization dawns upon a person, one can maintain inner poise at all times in spite of the problems of material existence. (Belsare 1995).

The importance of knowledge in human capital as offered by Hindus or Sanatan Dharmees is summarized in an ancient saying that “Knowledge is Ultimate Freedom” (Dnyaanaadev tu Kaivalyam). We have shown that the Hindu concept of human capital is far deeper and sophisticated than what development economists understand it. This chapter should not be interpreted to imply that Hindu traditions are superior to others, or that most Hindus actually follow the deep precepts in their daily lives—only that they are repeatedly exhorted to do so by the ancient Hindu or Sanatan Dharma texts.

Human capital therefore incorporates far more than mere skills to earn one’s living, but a permanent way to happy, healthy and wise living, which in fact is the real Sanaatan Dharma. It includes the entire gamut of material and spiritual education that is incorporated in yoga and meditation. It constitutes important occurrences in everyone’s life that mark the inclusion of different rituals by the priests, family and sometimes the larger community. The rituals are designed to leave lasting impressions or samskaaras (sacraments) on human psyche and thus serve as triggers to evolution from the material to spiritual. Even if one does not accept the existence of soul, some of the rituals surely help us learn a sense of responsibility and also to equip us with certain practical skills. For example, learning to cope with adversities and disappointments are certainly very important for growing into a complete human being. By doing so the human capital of a country can be made larger than its population.

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Appendix: Translations of Selected Sanskrit Words and Phrases for Ready Reference

Ahar: Eating food

Ahankar: Sense of 'I' ness

Antyeshtee: Sacred rites performed after death. It is the

last of 16 sacred impression or samskaras.

Asanas: These are the body postures or positions performed in a Yogic manner. This is the third limb of the Patanjalyogadarshan. They are expected to help the practitioner transcend all dualities of life

Ashram: Spiritual Hermitage. Studio or Dojo. Place with natural surroundings where Guru lives and teaches the disciples about spiritual knowledge and practices

Atman: All pervasive Universal Energy Principle in a Personified Form

Bhaya: Fear

Brahmacharyashram: Staying at spiritual hermitage with Guru to learn the basics of the theory and practice of philosophy. It used to start after the age of 8 and would continue for 12 years. It is misunderstood as mere practice of celibacy. But, in reality, the word Brahmacharya comprises two words brahma and charya. Brahma is the Ultimate All Pervasive Universal Life Principle, and charya means activity or way of living in communion with Brahman.

Brahmasootras: Composed by the great sage Veda Vyasa in order to bring oneness of focus of all the different renderings given by great sages.

Bhagwat: Dedicated to glorification of Lord Vishnu, most popular Hindu deity. Contains 18000 verses distributed in 334 Cantos or Skandhas

Bhaktiyoga: Path of Devotion for Liberation

Chitrahuti: Placing small portion of food outside the plate for creatures and small insects. Apart from being a good gesture towards those creatures, it is also done to transmit energy gained from

the food to the main five energy currents in the body known as Pancha-Pranas or Five Pranas.

Dnyaanyoga: Path of Knowledge and Understanding for Liberation

Ganesh: Deity with elephant head. Ten day festival is celebrated every year as part of annual worship in many parts of India.

Geeta: Dialogue between Arjuna; the great warrior from Mahabharata and his dearest friend, philosopher and guide Lord Krishna

Gograsa: Offering food to a holy cow as a token of gratitude for giving birth to a male offspring that is used in ploughing the fields and also for providing milk to the children. That is why it is treated with reverence as the holy mother of the family.

Gruhasthashram: This used to be the second phase of life after completion of education in Brahmacharyashrama. It used to be the support system for the other three Ashramas. It means leading a worldly life, earning enough through just means, bringing up children, teaching them the proper way of living, inculcate right values in them, providing help to needy people.

Kakabali: Offering food to crow every day before eating. It is supposed to reach the ancestors. It is also a token of gratitude towards them for eating the debris and garbage

Karmayoga: Path of Action for Liberation

Mahabharata: Epic of Indian ethos. Great story of Bharat dynasty. Contains 18 chapters.

Maithuna: Sexual act

Maya: Illusion - That which does not actually exist but appears to exist

Nagapanchami: Worship of Cobra and serpents as a token of gratitude for their contribution to farming by eating rodents from the fields.

Naivedya: Offering food to the God and then eating it as His blessed food

Nidra: Sleep

Paramarthik Truth: Ultimate Truth

Paramatman : All pervasive Universal Energy Principle in its Universal Form

Patanjali: Great sage from the ancient India who did the monumental work compiling verses on Yoga, Grammar and Ayurveda scattered in Vedas in a systematic manner to compose treatises on these important topics.

Pranayama: These are the breathing exercises as described in the yoga texts. Pranayama comprises controlled inhalation, retention, and exhalation. It removes veil of ignorance over one's mind. It is the fourth limb of the Eight Limb Patanjalayogadarshan.

Pratibhasik Satya: Illusory Truth like mirage

Puranas: Narrative of olden times. Eighteen in number. Contain philosophical concepts explained in easily understandable story format. Compiled by the great sage Veda Vyasa.

Ramayan: Another epic of Indian Culture. Literally means advancing or going ahead.

Samskar: Sacred impressions on one's consciousness created through various rituals. There are 16 basic samskaras that mark the important transitions of life

Sanatan Dharma: Sanatan means eternal or everlasting. Dharma means that which holds things together. All Pervasive Universal Life Energy Principle or Brahman or Paramatman holds all that is created together in a beautiful manner. Hindu religion is not like other conventional religions. It is founded on the realization of basic eternal principles of life and live up to those principles.

Sanyaasaashram: This used to be the last phase of life. It means mentally and/or physically leaving all worldly possessions and lead a simple, free and selfless life without any expectations or conditions and spend most of your time in discovering and experiencing God within and around oneself.

Tulasi: A sacred shrub that is planted in front of every household. Now done primarily in the

rural areas of India. Housewives water and worship this holy shrub every day. Upanishad: Profound philosophical literature based on experiential knowledge, which is composed after sitting in close proximity to Guru, God, or oneself. There are many Upanishads composed by many enlightened spiritual masters, out of which ten are very important

Vanaprashtashram: This used to be the third phase of life in which the person would gradually hand over the responsibilities of the household, business, or profession to the next generation and spend time to review, recapitulate, ponder, and reflect over various experiences one had in one's worldly life and get ready for the last phase of life.

Vyavaharik Satya: Practical Truth

Yadnyavalkya: Great sage who composed Bruhadaranyakopanishad or Big size Upanishad

Yamas: Great sage Patanjali offers a systematic step by step method of self realization through his treatise on Yoga called as Patanjalayogadarshan, which is also known as Ashtanga Yoga.

Anga means limb and Yoga means union between Individual Self and Universal Self. Yama is the first Anga or limb of this treatise. Non-violence, Truthfulness, Non-stealing, Communion with Universal Energy and Non Hoarding.

Chapter 20

ArthaKranti Perspective on the Indian and Global Economy

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6. Auditor of Hongkong & Kawloon Branches

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491 20.1 Introduction

This chapter presents the viewpoint of ArthaKranti Pratishthan. ² Today globally, we seem to face challenges like stark disparity, hazardous living conditions, and unsustainable erosion of natural resources. Unstable economic conditions are leading to fear, restlessness and insecurity. It is not surprising that such conditions breed a mentality of despair resulting in a vicious cycle of one problem begetting more problems. Human reaction to these wide-ranging problems varies due to cultural or other reasons. For example, an increasing number of people are easily adopting an unethical and anti-social way of life; terrorist activities are on the rise worldwide while a lot of unfortunate people are being driven to suicide (e.g., the farmers' suicides in India). Anonymity, depersonalization, polarization of wealth, endless growth, ecological despoliation, social turmoil, and irremediable crisis are built into our economic system that has arisen on the foundation of the story of Separation. We need something that connects, integrates and reunites.

Hindu Philosophy provides guidelines on this path of abundance, fulfillment, knowledge about self and basis of whole creation. According to Vedas, by fulfilling the Purusharthas (Dharma, Artha, Kama, Moksha), man gets fulfillment in life as well as sustains the society. ³ Hence we would like to view current conditions from the perspective of Hindu Philosophy and Hindu Economics (Artha-Shastra). In the process, we will also put forth a proposal called "ArthaKranti Banking Transaction Tax (AK-BTT) Proposal" to address these challenges primarily in the

Indian context. We also seek further study of this proposal as one of the possible solutions to the numerous ills

² a registered NGO trust since 2005. Registration number E 22731, aimed at economic rejuvenation of India, with details at: <http://www.arthakranti.org>. Registered Office is at c/o Maharashtra Executor Trustee Company (METCO) Ltd., Bank of Maharashtra Building, Gokhale Road North, Shivaji Park, Dadar, Mumbai, 400028, INDIA.

³ Srivastava C, Dhingra V, Bhardwaj A, Srivastava A. Morality and moral development: Traditional Hindu concepts. Indian J Psychiatry [serial online] 2013 [cited 2013 Mar 10]; 55:283-7. Available from <http://www.indianjpsychiatry.org/text.asp?2013/55/6/283/105552>

currently plaguing the global economy.

20.2 Economic History in Brief

20.2.1 Interdependent Conservational Management

In India, agriculture was the main source of earning for most people, and agricultural practices were tuned to natural seasons and variations. With agricultural practices aligned with nature, productivity was not a serious concern (occasional exceptions such as natural calamities excluded).

‘A Family’ was firmly established as the smallest sustainable unit of the society. Obviously the family was the last point of distribution of resources. Sharing of resources within the family would naturally result in conservation of resources. Family culture resulted in a strong network of relationships, each having specific significance.

After the family (a very closely knit unit), Indian society was organized in the form of little extended unit of society, a village. People in villages were engaged and specialized in various complementary activities for example carpentry, farming, tailoring, making tools etc. and they used to exchange the products of their efforts and skills among themselves and system used to be called as Balutedari. This was an example of interdependent society; and this interdependent model of economic management minimized hoarding and wastage and naturally promoted conservation of resources. Life was simple but enriched with such diverse human relations, which provided a sense of security.

Diversity in nature and respect for the same was reflected in culture and elements of social structures in India. There was diversity in symbols of worship i.e. Gods and ways of worship and celebrations. Hindu culture also celebrated diverse festivals that marked the advent of natural seasons and milestones in agricultural activity and served to appropriately promote consumption of surplus production, which was necessary to keep the economic wheel running. Diversity brought stability, stability ensured productivity and productivity instilled a sense of security.

This resulted in the perspective of abundance that marked the traditional Indian approach to the ownership (trusteeship) and management (equitable distribution) of resources. A welldeveloped family system and a general sense of gratitude toward the bounty of nature defined human life. The guideline of Dharma and the direction of Moksha played the main role in shaping these practices. Sharing and caring was elevated to the global context and propounded as Vasudhaiv Kutumbakam (i.e., “the whole world as one family”).

20.2.2 Money and Its Evolution

As cultures and governing systems were evolving worldwide, so were the forms of exchanges,

through barter to metal form to representative form to current state of fiat money, which is backed only by the government's statutory power.⁴

Each country's monetary policy itself completely governs their respective currency now. Even though the same concept of money emerged and spread across the world, the evolution of economic systems was largely influenced by the cultures of the regions. All these economies in which money is the medium of exchange are called monetized economies.

A unique characteristic of the barter arrangement was that the value system, intentions, and character of the people engaged in the exchange were taken into consideration while exchanging goods and services. Because barter is a face-to-face transaction at a personal level, it was perhaps more fulfilling than modern impersonal trade with the use of money. Importance given to intent, associated values and character of exchange traders along with object of exchange is vital considering the role of Kama, on the path of Dharma, as an authentic mirror for uncovering the self in the journey of self-realization. Production and ex

⁴See <http://www.bcb.gov.br/?originmoney>, http://en.wikipedia.org/wiki/History_of_money

change of goods and services within a relatively small group of people and geographical zone resulted in direct feedback from the local surroundings, which in turn led to automatic, implicit governance on consumption patterns and economic behavior.

In this globalized world technology has also served as a tool of connecting with all across the world and money has facilitated the exchanges. Technology can be used to facilitate other diverse and qualitative aspects of the exchanges. It can be used to connect money back to the value it served to produce and enable people to experience it. Technology and money should connect people exchanging values rather than just acting as an opaque black box adding to alienation. So rather than restricting the use of 'technology and money' just for "Global Market", can't those be put to use for deepening our connections, increasing the diversity and quality of exchanges toward higher possibility or goal of "Vasudhaiv Kutumbakam"!

20.3 Economic Aspects of "Human Development"

20.3.1 Development of Individuals and Role of Money

According to Hindu philosophy, Moksha (self-realization) is the ultimate goal of human life. The pursuit of Moksha is an "inward journey". Fulfilling our desires (i.e., the Kama), and shifting conscientiousness higher with Dharma, helps us turn inwards. The Kama (i.e., experiencing) requires the means of Artha, the wealth of resources. Accumulation and consumption of resources for fulfillment of Kama ("outward journey") prepares us with various experiences for the "inward journey". And our progress in this "inward journey" is what we understand as 'Human Development'.

However, if the mind is always engaged in materialistic aspects, it is unlikely to turn inwards. Material is more tangible to the mind, and materialistic scarcity tends to create a perception of scarcity, hence insecurity. Acting from a perception of scarcity leads more toward scarcity. Conversely, living from the perception of abundance leads toward abundance. A sense of abundance helps us turn inward. Hence for human development, the role of Artha-Shastra (economics) is important to create the conditions enabling a sense or a perception of abundance.

Exchanges facilitate access to resources or services which we cannot produce or provide. We are living in a monetized world where money is the measure and medium for most of the economic exchanges. That is why getting access to money has become the all-important focus of our lives. Unfortunately, we are forgetting that life is a unique journey toward Moksha, to be enjoyed peacefully, savoring each step on the way!

20.3.2 Economic Growth and Human Development

An economy is a system of management of resources. Availability and accessibility of resources (including money) are important parameters of an economy. Economic growth means growth of these available resources and increase in their accessibility. A majority of countries use Gross Domestic Product (GDP) Growth as the criterion to measure socio-economic progress. There are other emerging indices like Human Development Index (HDI) and Gross National Happiness (GNH) but policy decisions in majority of countries are apparently driven by GDP Growth. GDP represents the aggregate volume of economic activity in terms of quantity, but fails to adequately account for quality of the activities and exchanges. For instance, high GDP growth might mean that more resources are generated and more exchanges are happening. However, it does not indicate the type of available resources and whether those are accessible to the masses or to only a few, and whether the quality of human life is improving. Moreover, because human development involves much beyond mere consumption of material resources, economic growth cannot be its only indicator.⁵

⁵ See http://www.stiglitz-sen-fitoussi.fr/documents/Survey_of_Existing_Approaches_to_Measuring_Socio-Economic_Progress.pdf, http://www.nytimes.com/2010/05/16/magazine/16GDP-t.html?pagewanted=all&_r=1&

The GDP may be considered as only one of the measures of the means and not the ultimate goal, and means should not be confused with goals. According to Hindu philosophy, Moksha is the ultimate goal, and Artha is the means. Also it needs to be understood that there cannot be a perpetual increase in economic activity. In the natural cycle of life, birth is followed by growth, then maturity, death, and rebirth in a different form. However, we should understand that the state of the economy definitely influences the journey of life, and well-rounded economic growth and human development are necessary for facilitating it.

In the past, the economy used to be controlled mainly by governments and their monetary policies. These days, though governments and monetary policies are influencing factors, the driving gear has shifted to the international market, whose motto is a “Free Market” where prices of goods and services are determined by demand and supply. Of course, none of the economies have a purely free market. Existing economies are all mixed ones, with varying degrees of freedom. In these market economies, increase in consumption is vital for growth and for increasing the GDP; hence, the consumer is king. So increases in consumption are aggressively targeted and promoted. Now one obvious point is that consumption takes place only where there is a demand.

Demand = Need + Purchasing Power

Consequently, the needs of people possessing the purchasing power receive a priority. Even basic needs of people who lack the purchasing power are neglected. Most of the available resources are therefore diverted to serve the real or induced needs of the people with purchasing power. This approach is quite unnatural and unsustainable from the overall economic stability

point of view. It creates excess consumption by the “haves”, often implying excessive damage/erosion of ecological resources.

More important, this arrangement is very unfair to the “have nots” or people having no or only low purchasing power. Their needs are either not served or are not served economically, as most of the resources are diverted elsewhere and distributed inequitably. Thus markets can cause many inequalities, and the pursuit of an ever-increasing GDP (materialistic growth) fuels creation of a huge disparity between the haves (small percentage of the population) and have nots (large percentage). Many of those who have purchasing power (minority) also get locked into a perception of perpetual growth of means and are reluctant to transcend means and to reach the goal of Realization. For those who have only meager purchasing power (majority), scarcity of means becomes more real, and it becomes difficult to move beyond means. Thus in the absence of a “Power-Conscientiousness” balance, humanity seems to be locked in the pursuit of material growth rather than human development.

In many of the current economies, governments have either become very feeble (revenue deficient), and hence insignificant and non-influential, or corrupt, and hence ineffective. In fact, some multinational corporations are bigger than many economies and more powerful than many governments. With a feeble government, and corporations acting as the driving force of the economy, public welfare is bound to take a back seat. To sum up, the balance between power and conscientious use of power has tilted in favor of power. This implies wider disparity and excessive exploitation of resources by the few, with corresponding undesirable socio-economic and human consequences. It is clear that human development has lost focus in the pursuit of accelerating economic growth at all costs. It is imperative that we work on the qualitative aspect and other indicators of human development such as health and happiness.⁶

20.4 Designing Future Models for
Economic Development and Economic Governance

There are many social organizations worldwide which are working on increasing spiritual awareness among people and trying

⁶See <http://www.hrw.org/world-report/2013/essays/112459>, <http://www.cseindia.org/node/812>, <http://www.storyofstuff.org/>

to raise the moral standards of society. That effort is no doubt valuable and required. However, to have an equitable distribution of power and to sustain the balance, we need governance that empowers the powerless and promotes uplifting of conscientiousness.

Let us understand the role of the government by using an analogy. Imagine the economy to be like a railway train, and the various sectors or segments of the population to be the different compartments. The market is the engine of this train, trying to drive it as fast as possible. However, if some compartments are not capable of running at maximum speed (sluggish sectors, backward segments of population), they will act as a drag, and a strain will be created in the links joining all these compartments. Unless this strain is neutralized, there is a real danger of these compartments breaking away. This is where the role of economic governance comes into play. The government should apply its force like an additional rear engine (for instance, efforts on financial inclusion) to push these sluggish compartments so that the train remains integrated. Moreover, the government should remove hindrances in the path of sustainable growth.

In order to achieve the objectives stated above, future models of economic governance will have

to be modeled with the following points in mind: - The “power-conscientiousness” balance needs to be restored.

- The government stays effective with

- An elastic, equitable, and productive revenue generation system so that, whenever and whatever is the amount of revenue needed, it should be able to raise that quickly and equitably.
 - An ability to steer the direction of economic progress, as suitable for its conditions in terms of its people, culture, geography, etc.

- System promotes righteousness, uplifting of conscientiousness ◦ First the governance itself should be transparent to be able to ensure transparency in the whole economy.

- Government should implement systems in such a way that system becomes fair in practice rather than just in theory. And in practice, following the system should fetch more benefits than bending it, e.g., Tax System should be such that evasion should be almost impossible. Also cost of evasion should be considerably greater than the cost of compliance.

- Its policies should be focused on promoting virtues such as: honesty, absence of discrimination, equity etc. Virtuous people should be suitably rewarded. This would be helpful to uplift the conscientiousness of the masses.

- The government should have adequate revenue so that it can support the basic necessities of its underprivileged citizens, as a reflection of family-hood. “Living a Dignified Life” is a basic right of every citizen, so it has to be facilitated by the government.

- Adequate amount of resources and medium of exchanges (i.e., money) should be available and should be equitably accessible.

20.5 Analysis of Socio-Economic Scenario in India

Largely, it was the British East India Company that formulated a common governing system to rule over this huge and diversified country. The Company had designed the system suitable to its needs and objectives. However, even after India gained independence, most of the practices of the same system were retained, of course with timely patches as needed. However, as it evolved, some technical flaws developed and became rooted in the current system, which render the patching attempts ineffective.

The following technical flaws in the system are causing a worsening of socio-economic problems in India.

1. Flawed and Failed Taxation System
2. Dominant Cash Economy
3. Underdeveloped Banking

20.5.1 Flawed and Failed Taxation System

Let us say Indian economy is like a multistoried building. The overhead water tank on the roof is the treasury. The floors from the top down are the various heads of government expenditure in order of priority.

There are pipes leading water down from the overhead tank to the various levels, but the taps on lower floors are dry. On investigation, we realize that the overhead tank is only half full and the lower levels will not get any water unless the overhead tank fills completely. We check the main reservoir on the ground, and find that it does contain a lot of water. The pump is running at full

speed. But the pipes, which lead this water up into the overhead tank, basically the system of taxation, are so incredibly twisted, choked, and corroded that they have developed holes in many places. A lot of water is leaking out of these pipes, and that is why the overhead tank just does not get filled up! This shortage in the overhead tank is the 'fiscal deficit'.

And all this water that is flowing out of the (Taxation) system is accumulating outside the building. Though it started out as a small muddy pond, it has today assumed the massive proportions of an ocean. This is the parallel economy, and the water leaking out of the system to evade taxes is the black money.

At some point, the common citizen gets too thirsty to wait any longer and has no option but to pick up his or her bucket and go to the ocean outside. The water is dirty with all kinds of dangerous germs-but is abundant and tempting; we have no choice, do we?

There are leakages even on the expenditure side, representing Corruption which also contributes to the parallel economy.

Here is the result: an outdated taxation system encouraging evasion and fueling the parallel economy, a perpetually cashstrapped government, reduced social expenditure causing suffering for the impoverished millions, and unfavorable conditions for business and industry, rampant corruption adding to the woes Figure 20.1 presents India's Current Economic Reality as a hydrolic model.

20.5.1.1 Characteristics of the Current Taxation System in India

- Narrow Base and Limited Coverage of Direct Taxation

According to Fiscal Responsibility and Budget Management (FRBM) Implementation Task Force Report ⁷

The revenue base has been considerably diminished through exemptions.

The pervasive structure of exemptions and special clauses in the tax code has distorted resource allocation and adversely affected GDP growth. . . . The present tax system is regressive, since the richest individuals and firms are able to harness the energies of tax consultants and lawyers, which are devoted on exploiting

- Reliance on Indirect Taxes
- Inequitable and Hence Regressive

According to FRBM Implementation Task Force Report ⁸ Manufacturing has been the focus of indirect taxation. The

service sector is now larger than 50% of GDP . While taxation of services has commenced, the service tax accounts for less than 0.5% of GDP.

Equity considerations: The poor tend to consume necessities, with little value addition. The rich spend a larger fraction of their incomes on services Therefore, a symmetric tax framework covering the services sector is desirable from the viewpoint of both horizontal and vertical equity.

- Non-Productive

Tax compliance is expensive for honest citizens and the probability of getting caught is low for violators. This has led to an endemic culture of tax avoidance⁹

The FRBM report highlights the impact of tax expenditures⁷Page 16-23 Chapter 2, Report of Task Force on Implementation of the FRBM Act, 16 July 2004⁸Page 16-23 Chapter 2, Report of Task Force on Implementation of the FRBM Act, 16 July 2004⁹Page 16-23 Chapter 2, Report of Task Force on Implementation of the FRBM Act, 16 July 2004 on the revenue collection as follows:¹⁰

Another area where subsidies exist but are not explicitly reported is the issue of tax expenditure. One of the important reasons for the low Tax/GDP ratio is the erosion of the tax base through a large number of exemptions. Such exemptions are fiscally identical to subsidies. That is, tax revenues foregone are no different from explicit subsidies paid out.

These amounts of tax expenditure are large as compared to total tax revenue collected for central government. It has always been higher than revenue deficit from 2007-08 to 2011-12.

Table 20.1: Trends of Tax Expenditure, Total Tax Revenue Collected and Revenue Deficit

Year Total Tax Expenditure (Crore Rs.)

2007-08 2,85,052

2008-09 4,14,099

2009-10 4,82,432

2010-11 4,59,705

2011-12 5,29,431

Total Tax

Revenue Collected (Crore Rs.) 4,39,547

4,43,319

4,56,536

5,69,869

6,42,252

Revenue Deficit

(Crore Rs.) 52,569

2,53,539 3,38,998 2,52,252 3,94,951 Note: Data for 2011-12 is Revised Estimate. [Source -

Budget documents from the site:

<http://indiabudget.nic.in/index.asp>]

Let us list some problems with the tax code and its implementation in India.

- Uncertain
- Inelastic
- Uneconomical
- Complex Nature of Taxes
- Tax Laws Open for Interpretation

<http://arthakranti.org/analysis/current-tax-system/defects> and

¹⁰Report of Task Force on Implementation of the FRBM Act, 16 July 2004

also in ArthaKranti's report "Exploring ArthaKranti - A Path to Fiscal Consolidation" and report by FRBM Implementation Task Force (<http://budgetlive.nic.in/>).

20.5.1.2 Effects of the Complex Taxation System

The disturbing consequences of this taxation system are as stated below.

- People consequently inclined to evade tax
- As the percentage of tax overheads is higher, the business and industry sector focuses more on tax management rather than carrying out R&D activities and maintaining quality standards.

Clemens Fuest and Nadine Riedel of Oxford University in their paper related to tax avoidance and evasion in developing countries point out ¹¹

In recent years, the academic and political debate on development finance and development aid has raised the issue that tax avoidance and tax evasion may undermine the ability of developing countries to finance their public sectors. This view is based, among other things, on the perception that the shadow economy in these countries is larger than in the developed world. Burden created due to tax evasion is again transferred to honest tax payers. There are increased chances that more and more people will opt to spend their energies in tax evasion.

- Negative impact on creativity and innovativeness of the workforce
- Ever-thinning employment creation potential of the industry (with a frightening increase in unemployment levels)
- Invasion of the Indian market by foreign industries
- Increasing import-export trade gap
- Inability of the government to respond effectively to natural and man-made calamities such as flood, draught,

¹¹Page 1 - Tax Evasion, avoidance, expenditures - Fuest and Riedel - OUC - June 2009

war, etc., due to poor revenue base

- Indirect promotion of antisocial businesses and industries such as liquor, cigarette, tobacco, lottery, etc. Very high excise duties levied on these products make them guaranteed revenue sources; hence they cannot be banned.
- Creation of a huge amount of black money (money generated due to tax evasion) resulting in the formation of a parallel economy in the country.

20.5.1.3 Effects Due to Creation of Parallel Underground Economy

The parallel economy is posing many fundamental problems to the nation, and is thus having highly destructive effects on its development, as seen below:

- Unrestrained generation of black money leading to unlimited scope for corruption

In "Measures to Tackle Black Money in India and Abroad", a report of the Committee Headed

by Chairman, CBDT, Ministry of Finance, Government of India, (Parts - I and II - 2012) there are many references to the rampant tax evasion. Some of the statements are as under: ¹²

There are three sources of black money - crime, corruption and business. . . . The 'commercial' limb of black money usually results from tax evasion by attempting to hide transactions and any audit trail relating thereto, leading to evasion of one or more taxes.

Clandestine removal of goods from the Central Excise registered units and the production and distribution of goods in the unorganized sector is another . . . and leads to tax evasion. Misuse of CENVAT is another major area which accounts for significant evasion of tax and illegal movement of goods and generation of false invoices.

- Law and order system in the country is under tremendous

¹² Measures to Tackle Black Money in India and Abroad - Report of the Committee Headed by Chairman, CBDT Parts - I and II - 2012; Government of India; Ministry of Finance; <http://www.itatonline.org>

pressure

- Black money has the power to influence law and order
- Continuous increase in budgetary deficit and Government's lack of revenue

Report prepared by Government of India "Measures to Tackle Black Money in India and Abroad Report" highlights the graveness of the situation as following. ¹³

The cancerous growth of corruption at every stage of interface of the public with officials by way of commissions on megaprojects, kick-backs on mega purchases abroad, leakages in public spending, are all a matter of serious concern.

In India, it is widely reported that corruption is pervasive and appears impossible to eliminate. . . . In the Corruption Index for 2010 prepared by Transparency International, India ranked a lowly 87 out of 178 countries (Brazil, China are better placed). In the latest report of 2011, India's rank slipped further to 95 out of 182 countries, whereas Brazil, South Africa and China continue to be ranked higher.

20.5.1.4 Macro-Economic Consequences of the Fiscal Situation

India has faced persistent fiscal problems for over a decade with high level of revenue and fiscal deficits. Macro-economic consequences of the same are as follows:

- Crowding out of private sector credit

To finance its expenditure needs, the Government borrows from the market, and ends up crowding out the private sector. Dr. Duvvuri Subbarao, Governor of RBI, in a Wall Street Journal interview of Feb. 13, 2012, while emphasizing the importance of fiscal consolidation and addressing fiscal deficits urgently speaks thus about the crowding out effect: ¹⁴

¹³ Measures to Tackle Black Money in India and Abroad - Report of the Committee Headed by Chairman, CBDT Parts - I and II - 2012; Government of India; Ministry of Finance; <http://www.itatonline.org>

¹⁴ Interview with Dr. Duvvuri Subbarao, Governor of the Reserve Bank of India, in The Wall Street Journal, conducted by Alex Frangos and originally published on WSJ online on 13 February 2012

Not just me, there are lots of other people talking about the negative repercussions of fiscal deficits. And I think these negative repercussions will show up more pointedly if the government does not make credible and sizable fiscal adjustment. For one, the battle against inflation will become that more difficult. Second private credit will get crowded out.

- Hard Credit for private sector
- High banking interest rates

Government schemes to attract savings to finance govern

ment debt, increase the interest rates and distort the lending and borrowing behavior in the banking sector. This makes credit hard for private sector particularly small and medium enterprises (SMEs). India Sustainability Report prepared by Staff of IMF corroborates this observation as follows: ¹⁵

High administered interest rates on small saving schemes have reinforced the effects of statutory requirements on banks. Small saving schemes are government-operated deposits, in post offices and provident funds, which are used exclusively to finance government debt. These schemes drew about 21 percent of aggregate bank deposits in 2000-08 and provided an average 16 percent of funding for government debt in this period. The need to ensure adequate resources to finance the government's large borrowing has kept (administratively set) interest rates on these schemes high.

In effect, they force banks to keep their deposit rates high and thus, lending rates high as well. For borrowers, this has served to dampen credit demand, particularly for SMEs, who have few financing options beyond bank credit.

- Reduced ability to combat inflation

As we know, inflation is a multi-dimensional challenge. While we will comment on demand side in the following section of cash economy, India's response to supply side problems has always been inadequate, may it be reducing burden of taxes or even infrastructure development. A report "Putting the lid on inflation"

¹⁵Page 11, India Sustainability Report Prepared by staff of the international Monetary Fund, 2011

by CRISIL Centre for Economic Research gives current state of inflation as ¹⁶
WPI inflation consistently surpassed the RBI's comfort threshold of 5 per cent in 51 of the 70 months between April 2006 and January 2012. Regardless of how you measure it, inflation in India has become high and persistent (Table 1)

Table 20.2 Persistence of Inflation Measures of Inflation WPI-based CPI-based

2001-02	3.6	4.3
2002-03	3.4	4.1
2003-04	5.5	3.8
2004-05	6.5	3.9
2005-06	4.4	4.2
2006-07	6.6	6.8

2007-08 4.7 6.2
2008-09 8.1 9.1
2009-10 3.9 12.4
2010-11 9.6 10.4 2011-12* 9.1 8.8

GDP deflator based 3.0

3.8

3.4

5.5

4.1

6.4

6.0

8.1

7.3

9.9

8.2

- Inability of industries to repay loans
- Industries and trades facing the NPA (Non-Performing Assets) problem
- NPA is a major hurdle in the interest rate rationalization process of banks
- Slowing down of GDP Growth Alamuru Soumya in her paper “Is Chronic Fiscal Deficit Harmful to Growth?” states the results of the empirical analysis as follows: ¹⁷ A higher fiscal deficit and debt/GDP ratio would increase interest payments on debt and thereby reduce public investment. Therefore the fear about high fiscal deficit is justified if the government incurs deficit to finance its current expenditure rather than capital expenditure.
- Velocity of circulation of money reduced because, in every one rupee, significant portion become black money and thus, not available for credit-flow in the national economy
- Increasing bitterness in the center-state and state-local government relationships (e.g., Eleventh Finance Commission Dispute)
- Inadequate revenues for infrastructure and human resource development

*: Data for WPI and CPI is April to January 2011-12.

1. The three measures of inflation vary in coverage. CPI includes some services and assigns higher weight to food prices, whereas WPI assigns higher weight to manufactured products. Inflation measured by the GDP deflator covers all goods and services in the economy.

2. WPI inflation dropped sharply in 2009-10, as fuel and commodity prices - the significant component of the index
- collapsed following the Lehman crisis.

Source: Ministry of Industry, Ministry of Labour, Central Statistical Organisation, CRISIL Research

The higher fiscal deficit - and inadequate focus on expanding productive capacity - laid the breeding ground for inflation.

¹⁶ “Putting the lid on inflation” A report by CRISIL Centre of Economic Research by Dharmakirti Joshi, Vidya Mahambare, Dipti Saletore, March 2012
20.5.2 Dominant Cash Economy

One significant factor missing from the analysis of the FRBM Implementation Task Force is the

role that the cash plays in tax evasion. Though the report mentions the black economy as a consequence of the tax system, they have not focused on the significant role cash plays in aiding and abetting tax evasion. Prof. Feige is precise in his views about this role and we quote

¹⁷Is Chronic Fiscal Deficit Harmful to Growth?, by Alamuru Soumya, ICRIER 01 November, 2009

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All tax systems are vulnerable to evasion when currency is made freely available to the tax-paying public. Currency is the preferred medium of exchange for illegal activities because it does not leave a paper audit trail. It is ironic, that government provides, virtually free of charge, the instrument most widely used to subvert both its revenue collection efforts and its laws defining prohibited economic activities. What is needed is a means of eliminating the incentive to use the state's own creation, currency, to thwart the state's fiscal objectives.

Prof. Ilan Benshalom, Hebrew University Faculty of Law, pointedly observes: ¹⁹

The ability to underreport tax on cash-mediated transactions imposes costs on society and therefore operates as a negative externality.

In highlighting the effects of cash and resultant tax evasion he states ²⁰

... tax-evasion practices “force” otherwise honest taxpayers who operate in cash-sector activities to misreport their income to align with market practices or to seek different employment opportunities where they can compete without evasion.

The “Report of the Task Force on an Aadhaar-Enabled Unified Payment Infrastructure - February, 2012” observes that ²¹ The Indian economy predominantly operates on cash today. ... More so, there is no traceability and accountability for cash transactions, which leads to problems of bribery, corruption, and black money.

In “Measures to Tackle Black Money in India and Abroad”, report of the Committee Headed by Chairman, CBDT there are

¹⁸ Taxation for the 21ST Century: the automated payment transaction (APT) tax, October 2000, Edgar L. Feige

¹⁹See ‘TAXING CASH’ by Prof. Ilan Benshalom (Associate Professor, Hebrew University Faculty of Law, Jerusalem, Israel), Columbia Journal of Tax Law, Vol. 4, No. 1, 2012, pp. 65-93

²⁰TAXKING CASH by Prof. Ilan Benshalom, 2012

²¹Report of the Task Force on an Aadhaar-Enabled Unified Payment Infrastructure February, 2012 - Submitted to Finance Minister, GoI

many references to the cash economy. Some of the statements are as under ²²

India has a large cash economy due to dependence on agriculture, and existence of non-formal sector and insufficient banking infrastructure.

The RBI in its latest annual report has attributed the growth and strength in the cash economy to factors like acceleration in per capita real GDP growth, commercialization of agriculture, urbanization and availability of higher denomination notes ...

It is interesting to note that the RBI accepts the role high denomination notes play in growing and strengthening the cash economy.

While staying focused on the accepted challenges in revenue collection, let us now turn to the

related challenges of black money and corruption.

20.5.2.1 Cash - High Denomination Notes and Black Money

Figure 20.2 shows an alarming trend of cash money rapidly increasing mostly in high denomination notes. Consequently, trend of cash money in denomination notes of 50 and 100 is almost flat (constant). The unit is 1 Crore (=10 million) Rupees.

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Figure 20.3 shows that an overwhelmingly large portion of the cash in circulation is in high denomination notes, especially of Rs. 500 and Rs. 1000.²⁴ It also shows comparison of Currency Denomination Distributions in India and US (Indian Rupee and US Dollar). Note: In USA, \$1 bill accounts for largest portion of currency money and Highest Denomination is \$100. Also, considerable part of the U. S. Currency in \$100 and \$50 Bills is in use outside USA, it being a Global Currency. Let us try to drill deeper into the nature of the Indian cash economy especially the ease of high valued cash transactions in India. Refer to the Table 20.2 below, for a cross-country comparison of some interesting details like cash in circulation, GDP, per capita income etc.

²² Measures to Tackle Black Money in India and Abroad - Report, 2012

²³[Source - RBI Database - <http://dbie.rbi.org.in/DBIE/dbie.rbi?site=publications> TABLE 159: NOTES AND COINS ISSUED]

²⁴[Source - RBI Database - <http://dbie.rbi.org.in/DBIE/dbie.rbi?site=publications> - Table 159: Notes and Coins Issued]

If we compare the ratio of currency money in circulation to GDP, India with value of 12.04 stands fourth among countries having high ratios. Only China, Japan, and Russia have higher ratios than India. In the case of value of the ratio of currency money to narrow money, India has the highest ratio (i.e. 59.58) amongst all countries. Given the fact that Indian currency is not a global currency (like say the US Dollar), both these ratios together indicate that a large portion of money in India is in currency form and consequently there is relatively less formation of bank money (credit money) as compared to currency money. It is reasonable to say that any single transaction having a value equal to the per capita GDP is a high valued transaction in that country. We would like to submit that the ratio of per capita GDP to highest denomination note thus indicates the ease with which the high valued transaction can be carried out in cash. This indicates the easy availability of a vehicle for carrying out untraceable transactions. For India, this ratio of per capita GDP to highest denomination note is at a low 66. (Only Russia as a country has a lower ratio and it is also struggling with tax evasion and black economy.²⁵ Euro is a collection of economies at different levels of prosperity and hence the per capita GDP is an average across nations. Also there are reports which indicate that Spain is considering banning the use of the higher denomination notes as it is leading to tax evasion.)

²⁵Black cash tax evasion in Russia: Its forms, incentives and consequence at firm level, by Andrei Yakovlev, 1999, Bank of Finland Institute for Economics in Transition BOFIT

20.5.2.2 Cash - High Denomination Notes and Fake Indian Currency Notes

Now let us look at another related challenge of Counterfeit i.e. Fake notes. The same Measures to Tackle Black Money in India and Abroad - Report, 2012 observes ²⁶. . . In large cash economies, such as India, counterfeit currency poses a major threat to the economy. Countries have attempted to check counterfeiting of currency notes, as it disrupts smooth commercial

transactions and has a multiplier effect on mainstream economy. As stated on the RBI website for detecting forged currency²⁷ No estimate has been made by any agency on the number of forged notes in circulation.

The Table 20.3 gives the details of the fake currency detected as per RBI.²⁸ What stands out is that the fake currency is largely concentrated in the higher denomination notes.

Article by Ranjana Kaushal in a special issue of India Today (August, 2009) states²⁹ While the numbers indicate an alarming situation, Prof Arun Kumar from the Centre for Economic Studies and Planning, Jawaharlal Nehru University, makes it even more dire: “On the face of it, it appears the fake money seized is what is actually in circulation.

However, what appears to be a mere 2 per cent figure is actually 20 times more. This widespread circulation of fake money leads to a deterioration in currency value.”

In a report “Mobile Payments in India - New frontiers of growth - April 2011 - ASSOCHAM - Deloitte”, the authors make pertinent observation about the challenges posed by the cash economy in India. Among them significant and relevant to counterfeit notes is, one stated below³⁰

India’s cash economy presents significant problems, such as:

²⁶ Measures to Tackle Black Money in India and Abroad - Report, 2012

²⁷ <http://www.paisaboltahai.rbi.org.in/FAQ'S.html>

²⁸ Source: Press Information Bureau Government of India - December 16, 2011 <http://www.pib.nic.in>

²⁹ Fake money circulation boosts black economy, Ranjana Kaushal, India Today, August 2009

³⁰ Mobile payments in India - New frontiers of growth - April 2011 - ASSOCHAM

Fraud - The number of counterfeit notes found in India are around 3 to 6 per million. The actual number of fake notes could be much higher in the country. Such counterfeit currency is used to fund illegal activities, and adds to the ‘black’ money circulating in the economy.

20.5.2.3 Cash - Leading to Ineffectiveness in Combating Inflation

Deepak Mohanty (Executive Director of the RBI) in his speech on “Measures of inflation in India - issues and perspectives”, depicts the importance of the issue of inflation³¹

Savers, investors and financial intermediaries track closely the link between inflation and interest rate. The level of inflation is also critical in terms of maintaining competitiveness of domestic industry in a liberalised trading and market determined exchange rate regime. More importantly, it is the poor who are most vulnerable to inflation as they do not have any effective hedge against inflation. As Keynes said, “Inflation is the form of taxation which the public find hardest to evade.”

After looking at India’s inability to combat inflation from fiscal side (in section ‘Macro-Economic Consequences of the Fiscal Situation’), let us now look at the monetary side. RBI has been consistently revising different monetary handles like Cash Reserve Ratio, Statutory Liquidity Ratio, repo rates, etc. for last few years to tighten monetary side; however inflation has been consistently frightening³² And strong monetary reason for that is dominance of cash

economy.

“Mobile payments in India”, a report by Deloitte in association with ASSOCHAM, highlights the huge size of the cash economy as follows:³³

“However, India remains predominantly a cash economy due to high prevalence of cash in day-to-day transactions. Overall, 67% of transactions are carried out in cash, while only 33% are done through electronic means.”

Deloitte

³¹Speech by Mr. Deepak Mohanty, Executive Director of the Reserve Bank of India, at the Conference of Indian Association for Research in National Income and Wealth (IARNIW) at the Centre for Development Studies (CDS), Thiruvananthapuram, 9 January 2010.

³²“Putting the lid on inflation” A report by CRISIL Centre for Economic Research by Dharmakirti Joshi, Vidya Mahambare, Dipti Saletore, March 2012

It is due to this large portion of cash economy that RBI’s frequent attempts to tame inflation have been rendered ineffective. The graphs in Figure 20.4 show that during the period of increasing inflation, demand deposits have fallen and (yet) currency is injected more and more³⁴

S. Narayan in his paper argues that rapid growth of a cash economy fuelled by heavy liquidity and large cash transactions, particularly in property markets, are sustaining inflation. Under such circumstances, monetary policies are likely to be ineffective in curbing prices.³⁵

“Current estimates of the cash economy in India are around 40-45 per cent of GDP, of which the share of agriculture, at around 20 per cent, can be argued to be the legitimate part, the rest being largely illicit cash flows· · ·

It is therefore possible to argue that with liquidity of close to Indian Rupees (INR) Two Lakh Crores (lakh=100,000 and crore=10 million) in the economy distorting effects of policies, it would be difficult for fiscal and monetary policy measures to correct the inflationary pressures in the short or even medium term· · ·

The above arguments indicate that the government would be hard put, through conventional monetary measures, to have any impact on inflation. There is a possibility that an emphasis on greater tax compliance, improvements of institutions and procedures, and even a short term tax amnesty to bring the cash economy into the legal balance sheets, may be a measure that would improve the government’s fiscal revenues, while at the same time reining in the free play of the cash economy.”

³³ Mobile payments in India New frontiers of growth. Deloitte and ASSOCHAM India, April 2011

³⁴Statistics > Financial Sector > Monetary Statistics > COMPONENTS OF MONEY STOCK (Annual)

³⁵India’s Inflation: An Alternate Hypothesis, by S Narayan, Head of Research and Visiting Senior Research Fellow at the Institute of South Asian Studies, Ex-Economic Adviser to the former Prime Minister of India, Mr. Atal Bihari Vajpayee, ISAS Brief, No. 185 - 11 January 2011

20.5.3 Underdeveloped Banking

20.5.3.1 Role of Banking

The role of the banking system can be compared to the circulatory system within the human body. Just like blood vessels carry essential nutrients to all the parts of the body, the banking system is expected to supply “money capital” to all individuals and institutions. The role of

capital in the economy is like that of blood. As the blood carries the required nutrients to the individual cell, capital promotes productivity in the economic system. Any disorder in the circulatory system leads to diseases in the entire body. Similarly, a flawed capital creation-and-distribution system has an equally debilitating effect on the economic system.

20.5.3.2 The Making of Currency Money, Where It Failed

Table 20.4 provides details of money supply in various countries using the websites of Respective Central Banks (Data around June 2011)³⁶

Due to sustained high level of fiscal deficit, government's requirement of the credit is high. Hence Government captures the majority share of the credit basket by various means like SLR, tax saving schemes with higher interest rates etc. This leaves a significantly smaller share of credit available for the private sector. Thus, for small borrowers credit becomes hard as well as

³⁶ India: <http://www.rbi.org.in>, Australia: <http://www.rba.gov.au>, China: <http://www.pbc.gov.cn/publish/english/963/index.html>, Japan: <http://www.boj.or.jp/en>, South Korea: <http://eng.bok.or.kr/>, New Zealand: <http://www.rbnz.govt.nz>, Singapore: <http://www.mas.gov.sg>, Europe: <http://www.ecb.int>, UK: <http://www.bankofengland.co.uk/>, USA: <http://www.federalreserve.gov/>

costly. This is the situation of access to credit for the organized sector. It is even more difficult for unorganized sector like farming. Priya Basu in her report "Improving Access to Finance for India's Rural Poor" states³⁷

The government's policies have made things worse from the banks' perspective, creating a "financial climate" not conducive to lending in general and rural banking in particular: ◦ High fiscal deficits and statutory pre-emptions imposed on banks crowd out credit to the private sector; another persisting distortion that has failed to generate the desired results is the "priority sector" lending target; . . .

◦ Bankers' risk aversion to lending is exacerbated by a pervasive culture of suspicion of bankers, whose lending decisions are often subject to stringent scrutiny by Parliament, the Central Bureau of Investigation, etc.

She also mentions reasons for small rural borrowers finding rural banks unattractive³⁸

◦ First, rural banks do not provide flexible products and services to meet the income and expenditure patterns of small rural borrowers.

◦ Second, the transaction costs of dealing with formal banks are high. Procedures for opening an account or seeking a loan are cumbersome and costly (with high rejection rates), and, as indicated by RFAS 2003, clients often have to pay hefty bribes (ranging from 10 to 20 percent of the loan amount) to access loans. This makes the ultimate cost to borrowers very high (despite interest "caps"). It takes, on average, thirty-three weeks for a loan to be approved by a commercial bank.

◦ Third, banks demand collateral, which poor rural borrower's lack. Land remains the predominant form of collateral. But, poor households very often do not have clear titles to their land, and in any case, this collateral is seldom executed, so it is just another cost with little benefit in practice.

³⁷ Page xv – xvi, Improving Access to Finance for India's Rural Poor, by Priya Basu, The International Bank for Reconstruction and Development / The World Bank, 2006

³⁸ Page xv – xvi, Improving Access to Finance for India's Rural Poor, by Priya Basu, The International Bank for Reconstruction and Development / The World Bank, 2006

Getting credit is getting purchasing power which in turn means getting power to decide what is appropriate for you. In a monetized world, this is a fundamental truth that should never be forgotten. As the world is getting increasingly monetized, due to this lack of access to formal finance, people seek alternative ways of informal financing. This then leads to increasing the size of parallel economy which by definition, is not under governance.

There is high domination of cash economy in India as elaborated earlier. This acts as an important reason for underdevelopment of banking in India. The other reason for not doing transactions through the bank is inequitable taxation systems, as already discussed. People who want to evade taxes are reluctant to carry out transactions through more traceable systems like banks; they prefer a mode of transactions which is nontraceable.

All these factors have collectively resulted in a dangerously high percentage of transactions being conducted using cash. When people have spare/excess money, rather than making that money available to the rest of the economy in the form of liquidity (known in Hindu Economics as dravya), they tend to invest in more and more assets such as land, houses, gold, etc. (known in Hindu Economics as dhan). They hope that as the asset prices increase, their asset value would also increase. Huge amount of black money is stocked in high denomination currency. This further reduces the potential availability of money.

These factors not only inhibit the availability of liquid money and stop the process of expansion of bank money, but also cause unnecessary inflation of those assets. So here we find a paradoxical situation, where undesirably high inflation and scarcity of capital coexist in the economy. Considering the high inflation, the central bank further tightens the credit policy, which results in further inadequacy of capital.

Moreover, laborers or low wage earners are paid in cash, rather than through banks. They get purchasing power, but are deprived of credit, as their credit never gets registered in the system. These people do not get loans from banks; so they have to borrow at usurious rates of interest from private moneylenders. The rates of interest can be as high as 10 percent per day (i.e. 3650 percent per year).

Some good steps are taken by Government of India like promotion of self-help groups (SHGs), direct transfer of subsidies to bank accounts of beneficiaries. But they should be assisted with better handle on improving macro-economic conditions. Apart from the problems mentioned during the above analysis, the consequences of all these factors can be listed as:

- Lop-sided development leading to widening disparity, militant secessionist movements and so on.
- Rampant corruption and increasing influence of the parallel economy leading to parallel systems of governance
- Increasing suicides of farmers and small entrepreneurs, as they are not able to get credit when required or have to borrow at exorbitant rates from private moneylenders.
- Industries rendered uncompetitive in the global market, due to the high rates of interest on

borrowed capital and heavy taxation.

- Mass migration from villages or small towns to big cities due to lack of employment opportunities in villages. Breakdown of family structure has consequences such as increased insecurity levels, increased stresses, and increased consumption levels due to division of families.
- Increasing unemployment leading to rise in criminal activities.
- Consistent, unmanageable, undesirably high inflation; basic services such as education and healthcare are beyond reach for many.

20.6 A Correction Proposal for the Current Economic System in India

This is a proposal to correct the technical flaws present in the current economic system in India. It is called as the ArthaKranti (AK) or ArthaKranti-Bank Transaction Tax (AK-BTT) Proposal. It consists of:

1. Withdrawal of existing taxation system completely * except Customs (i.e. Import) Duties.

*All Central, State and Local-Direct as well as Indirect-Taxes.

2. Every Transaction routed through a bank will attract a certain deduction in appropriate percentage (say 2 percent) as a Bank Transaction Tax [BTT]. [A Single Point Tax Deducted at Source].

- This deduction is to be effected on receiving/credit account only
- This deducted amount will be credited to different Government Levels like Central, State and Local (as say, 0.7 percent, 0.6 percent and 0.35 percent respectively) ◦ Transacting Bank will also have a share (say 0.35 percent) in the deducted amount as the bank has a key role to perform

3. Withdrawal of high denomination currency (say above Rs. 50).

4. Cash transactions will not be subject to any transaction tax.

5. Government should make legal provisions to restrict cash transactions up to a certain limit (say Rs. 2000). This means cash transactions exceeding the limit will not enjoy any legal protection.

20.6.1 Journey beyond the Correction

The ArthaKranti Proposal is a correction in the current system, which will eliminate technical flaws present in it and hence address some problems right away. Here are some direct and immediate results expected upon implementation of the ArthaKranti Proposal:

- Adequate Revenue Bank Transaction Tax. arthakranti.org/proposal/benefits Different methods can be used to estimate the required rate for AK-BTT. These methods differ in the way the tax base (taxable transactions) is estimated. But they are identical in the required revenue estimation – current tax revenues (Central, State and Local Governments) plus the known revenue deficit. One of the methods is briefly explained below. (Details can be found in ArthaKranti's report "Exploring ArthaKranti - A Path to Fiscal Consolidation"): Combining the entire revenue requirement i.e. Tax Revenue for Central and State Governments together (9,87,771), revenue deficit for Central and State Governments combined together (3,70,015) and extrapolated revenue for All Local Governments (rural + urban) (35,945), total revenue requirement comes out to be 13,93,731 Crore Rupees.³⁹

If we look at RBI Annual report 2010-11 ⁴⁰“Payment System Indicators - Annual Turnover”, we get some indicative numbers. Grand Total of Transactions under different heads for 2009-10 comes out as 8,92,87,769 Crore Rupees.

The revenue equivalent transaction tax rate can therefore be calculated as shown below:

Required Transaction Tax Rate

= (Revenue Required to be Collected / Total Volume of Transactions)* 100 = (13,93,731 / 8,92,87,769) * 100 = 1.561% (Saumen Chattopadhyay and Arindam Das-Gupta in their paper ⁴¹ state that government compensate banks for collecting taxes by giving around 1% of the revenue collected and banks are asking for compensation around 2% of the revenue collected)

³⁹ Table 115 : Receipts and Disbursements of Central and State Governments, Table 114: Combined Deficits of Central and State Governments (RBI Database), Tier Wise Revenue and Expenditure of PRIs and ULBs in Rs Crores, <http://fincomindia.nic.in/>

⁴⁰ Table IX.1: Payment System Indicators - Annual Turnover, Page 128, RBI Annual report, 2010-11

for the Government through the Details can be found at <http://>

If we consider the collection costs for banks as 2% of the revenue collected, percentagewise it means $1.561 * 0.02 = 0.031\%$ Thus Total Bank Transaction Tax Rate comes out to be 1.592% i.e. ~ 2 %

We have not considered here the inevitable increase in the bank transactions as a result of the withdrawal of higher denomination notes (Rs. 1,000 and Rs. 500). This implies that the actual bank transactions post ArthaKranti BTT Proposal implementation would be substantially greater and thus the effective revenue neutral BTT Rate will naturally be lower.

- Government can repay all its debts
- Decentralized availability of revenue at all government levels, as the collected tax is distributed at source to the three government levels, namely Central, State, and Local.
- Empowered Government–Cleansed Political System
 - This can be achieved with official and adequate budgetary provision of white money for the political system including elections; For details, please see the Empowering Democracy Proposal in the following link: <http://arthakranti.org/proposal/derivative-proposals>
- High-value cash transactions will not be feasible and hence bank transactions will increase manifold. These are naturally traceable.
- Printing fake currency would cease to be viable.
- Black money will be eliminated and it will not be generated again through tax evasion.
 - As the higher denominations are withdrawn, existing black money will be merged into the mainstream formal economy.
 - Evasion of the bank transaction tax is very difficult. ◦ There is no tax on cash transactions; hence black money generation using those becomes impossible.
- Bank Revenues will increase, and enable cheap and easy supply of capital with interest rates as low as ~ 3 percent per annum for all types of loans.

- Sufficient and appropriate subsidies can be offered.
- Tax burden on individuals, industries, services, and commodities will be reduced drastically.
- Purchasing power will increase across all sections of the society.

20.6.2 Transition Plan for ArthaKranti BTT Proposal Implementation

The change proposed by ArthaKranti is significant. To ensure a successful changeover, a smooth transition plan is an absolute necessity. Here we present an outline of transition plan to illustrate the possible steps (More details can be found in ArthaKranti's report "Exploring ArthaKranti – A Path to Fiscal Consolidation"). It is important to note that this plan is open for changes and refinements to make it more suitable. The Transition Plan outlined here has three phases.

1. Phase 1 of Transition Plan: [0 to 6 months] a. Withdrawal of Central Government Taxes, namely: Personal Income Tax, Central Excise and Central Stamp Duty.

b. Withdrawal of all denominations above 100 rupee notes

c. Statutory Responsibility given to Banks to Collect Bank Transaction Tax [BTT]

d. Appropriate share in BTT for Central Government and Banks (say 0.30% and 0.02% respectively)

2. Phase 2 of Transition Plan: [6 to 12 months] a. Withdrawal of all remaining Central Government Taxes except Corporation Tax

b. Appropriate share in BTT for Central Government and Banks (say 0.35% and 0.02% respectively) c. Rationalization/Re-Distribution of Currency Money in Existing Denominations

This period [0 to 12 months] will be critical to collect Real Data on Tax Collected by the Central Government via BTT. It can be broken into state-wise revenue collection via BTT. State-wise data will be useful to estimate the revenue States can collect via BTT in following phase. This will further help in deciding appropriate share of State Governments in the BTT.

3. Phase 3 of Transition Plan: [12 to 18 months] Based on the experience and data collected in earlier phases, ArthaKranti-BTT Proposal will be implemented fully in all respects.

Existing Structure of Central and State Finance Commissions to allocate Grants from the Central Government to the State Governments and from Central and State Governments to the Local Governments will continue to take care of economically backward regions.

Withdrawal of higher denominations mentioned above will take place according to an appropriate program designed by Competent Authorities. It could be on the following lines:

a. Fake Currency will not be entertained

b. Cash Deposited will attract certain rate of BTT; also, above specific amount, Cash Deposited will be utilized for infrastructure development through mechanisms like infrastructure bonds.

20.6.3 Indirect Benefits

Apart from direct and immediate benefits, we expect the following indirect benefits:

- Building individual's credit rating ◦ With technological advancements, widespread banking is feasible, so credit registration for all will be promoted.

- Social security for the needy

- Government needs to take care of the people for their basic right of "Dignified Life." The current ways of supporting the same are very ineffective and inadequate. There is vast corruption

associated with the public distribution system as well as with other subsidies. However, social security can be very effectively provided by way of directly depositing the amount to the needy individual's bank

account; for details please see the complete Social Security Proposal at <http://arthakranti.org/proposal/derivative-proposals>.

- Growth of industries will be boosted, an obvious consequence because
 - Relief from burden of Taxes and Tax Compliance ◦ From Tax Compliance and Tax Manipulation business focus will shift to innovation and creative value addition.
 - There would be significant increase in demand, as purchasing power of everyone would increase.
- Employment generation would be an obvious fallout
- Prices of goods and services will fall, as the burden of many taxes and costly capital is reduced.
- Opportunities for corruption would be hard to find, as there would be an increased transparency on one hand, and on the other, black money-a tool for corruption-would be eliminated. This will be further helped by the absence of both, an easy tool in the form of high denomination currency and a taxation system providing loopholes.
- Dependency (for tax revenue) on anti-social industries will not exist
 - Today a considerable part of a government's revenue comes from tobacco- and liquor product-based industries. With greatly increased revenues, the government will definitely not have to resort to such means.
- Globally competitive business possible
 - Availability of cheap and easy capital at rates as low as ~ 3 percent per annum
 - Freedom from complex & burdensome tax system,
- Further, with the withdrawal of high denomination currency from circulation, and upon imposition of a cap on cash transaction amounts, high value cash transactions will be rendered unviable. This will direct most transactions through the banking system. As total banking transactions grow, with a tax collected on each transaction, there will be a multi-fold rise in government revenue at all levels.

To summarize, under our proposal the Indian Government will have adequate revenue with an equitable, productive and elastic revenue generation mechanism. Furthermore, we expect transparency to increase, black money to be eliminated, political system to get cleansed and a larger social security to become affordable. Ultimately, effective governance would be feasible, with a democratic government empowered and greatly free to choose its own direction of development. Also, money will become a medium of exchange, rather than a scarce commodity for the majority of the people.

where the “developed” and the “developing” countries both are suffering from a common disease (apart from their unique ones, of course), that is, large fiscal deficits.

The leadership in all these nations is now (or should be) consumed with one concern-to find sources of non-repayable fiscal resources. Unfortunately, except oil-rich nations or nations with large natural resources or trade surpluses (like China), no nation seems to have a clue on the way forward.

Fortunately, the situation is not totally without hope. The ArthaKranti Proposal detailed earlier in this chapter throws up a strong possibility in the form of a “Banking Transaction Tax”. Shifting the tax base from that of income, wealth (for direct taxes) and consumption of goods and services (for indirect taxes) to bank transactions has been debated and deeply thought about for decades. The Bank Transaction is established as a very basic, transparent, and traceable unit of economic activities. Furthermore, as we already pay service charges for usage of any man-made media, such bank transaction tax too should be / can be seen as a fee (rather than a tax) for using a credible form of money!

Worldwide, governments can be expected to achieve the following in one stroke by shifting to a Bank Transaction Tax and abolishing all other taxes:

1. Expansion of tax bases substantially, thereby bringing down the tax rate and impact of incidence to very low levels.
2. A Tax very difficult to evade, hence fair in real sense with minimal compliance costs
3. Perpetual, certain, elastic, equitable, simple, and (most important) revenue-neutral Tax as a source of revenue.
4. Freeing up of incomes, goods, and services from taxation would lead to an overall easing of financial stress on the common people.
5. Strengthening and expansion of banking systems to include unbanked populations

During our study of published literature, we have found some proposals which are remarkably similar to the core ArthaKranti BTT Proposal. We give a brief overview of this similar work:

- Prof. Marcos Cintra, economist, educated at Harvard,

and an active politician as well as a professor in Brazil proposed a banking transaction tax (BTT) in Brazil, way back in 1990. Brazilian government, in its own wisdom, partially accepted the proposal and implemented a BTT as one more tax. In fact, BTT had been in use in Brazil as an additional tax from 1993 to 2007. Prof. Cintra, however, has been an untiring champion of the single tax ideal till-date. (<http://www.marcoscindra.org/>)

- Prof. Edgar Feige, an international authority on Underground economies, proposed in the late 1990s, a radically different tax system - a tax on all Automatic Payment Transactions to replace the prevalent tax system (<http://www.thetransactiontax.org/>).
- In 1996, Prof. Patrick R Colabella and Prof. Richard J Coppinger from USA had proposed a bank withdrawal tax as a single tax to replace all existing taxes.
- More recently, post 2008 financial crisis, there has been a growing acceptance on taxing securities/derivatives (FTT) as well as even foreign-currency transactions. Peter Scott Willans of University of Tasmania has proposed a global FTT and recommends the use of the proceeds to strengthen national social policy commitments. ⁴¹

• Taking the basic idea of FTT forward, Simon Thorpe (a Research Director with the French National Centre for Scientific Research) has proposed a Flat Rate Financial Transaction Tax (FTT) to replace all taxes. ([http:// simonthorpesideas.blogspot.in/](http://simonthorpesideas.blogspot.in/)).⁴² collections as a reserve fund in case of a similar break-down / crisis in the financial sector, instead of using the average taxpayer's money.⁴³ So it seems concept of "Transaction Tax" is gaining more and more acceptance globally!

There has been a growing acceptance of FTT, at least in Europe. Eleven European Nations and the European parliament have agreed to introduction of a FTT (at different rates) on equities and derivatives trading. The current motivation is to use the

⁴¹ The Sociology of Financial Transaction Taxes, University of Tasmania, Peter Scott Willans, Dec 2012, (<http://eprints.utas.edu.au/9764/>)

⁴² A Flat Rate Financial Transaction Tax to replace all taxes?, Simon Thorpe, 29th October 2010
20.7.1 Global Tax—A Step toward
Establishing Global Governance

Apart from local problems, we need to consider several global problems such as global warming, global terrorism, trade barriers, territorial conflicts, etc. It is only natural to envision some form of governance at the global level to address these issues, along the lines of local and national governments.

It is clear that a global governance body will be essential for a globalized world of the future. This body should be neutral in decision making and should have an independent, assured source of revenue. It should be able to focus on sustainable human development, and at the same time, allow diversity of development models. The whole world should be treated as a family to be taken care of.

The source of revenue for such a global governing body could be a "global tax". For instance, from every bank transaction that takes place in a member country, a small part can go to the global governing body.

There are different kinds of people in the world; hence, varied forms of lifestyles are sought by different people. So, developing the world with single conception/direction of development can be quite unfair to many. Everyone should be able to seek and experience the kind of development he or she desires. Hence, different kinds of directions of development should be allowed to coexist, unless one direction encroaches upon the other.

Rather than developing huge infrastructures everywhere, whoever wants to experience that kind of infrastructure, might move to such areas. And the other kind of people who want to

⁴³ Economy Watch News Desk Team: European Commission Approves "Robin Hood" Tax on Financial Transactions - 24 October 2012

experience a slower pace of life in natural surroundings might move to such areas where natural assets are prospering. This also highlights the need for the free movement of Man, just like the free movement of other basic elements: Capital, Material, and Technology. So having different kinds of developments across the world and letting people choose the kind of development they want to be part of would help manage the balancing of resources.

For countries such as India, where people tend to live in families, resources are shared in the family (among four to five people), so the economic performance measurement of “GDP per capita” is somewhat biased, whereas “GDP per family” might be a more appropriate measure which can also reflect true living standard. More importantly, the priority should shift to facilitate equitable distribution of resources and decrease the ever-widening disparity. Because citizens of the world are all together sharing the ecology of earth, we can realize the deeply held Hindu Value of “The Whole World as One Family”, that is, “Vasudhaiv Kutumbakam”!

In conclusion, we strongly believe that moving to a bank transaction tax would certainly be helpful to today’s ailing economies. However, while considering this proposal for implementation, a study should be taken up and global consortium can be formed about how the ArthaKranti Proposal can be implemented effectively in each respective country, taking into account the specific state of its economy, its constraints, and its challenges.

Acknowledgment

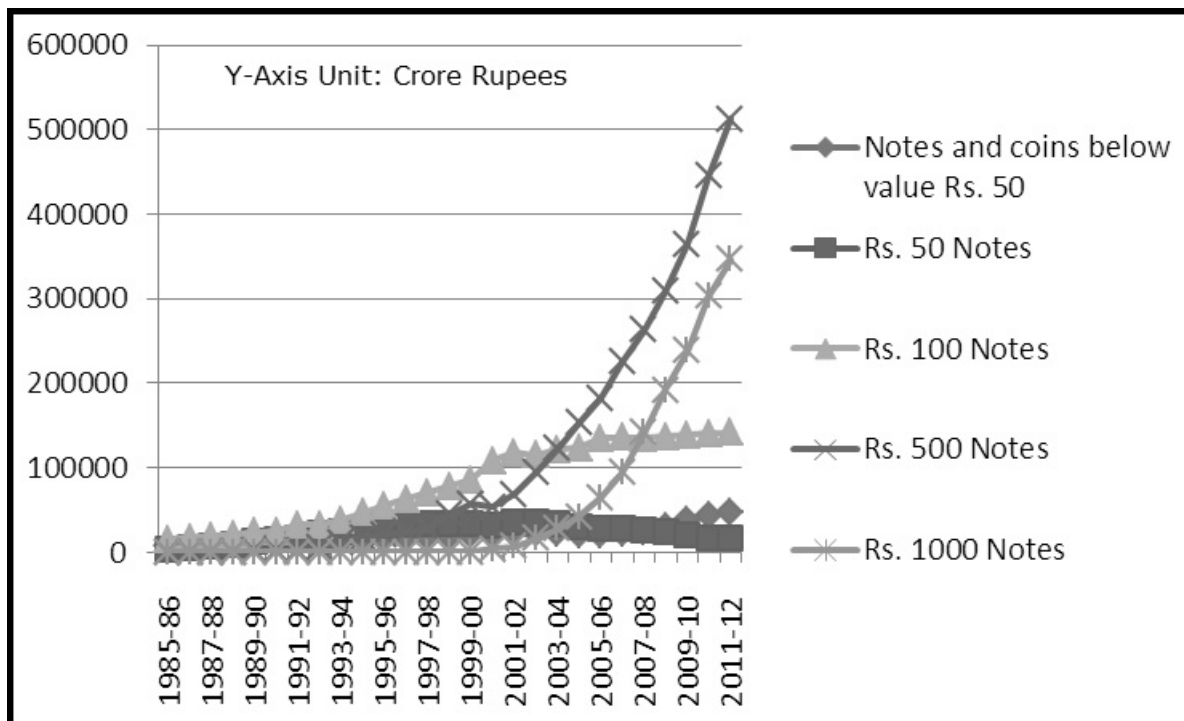
We thank Prof. H. D. Vinod for numerous detailed suggestions and the referees for valuable comments.

Fig. 20.1 India’s Current Economic Reality as a hydrolic model.



Fig. 20.2 Rise of Cash in Circulation in India

by Denomination



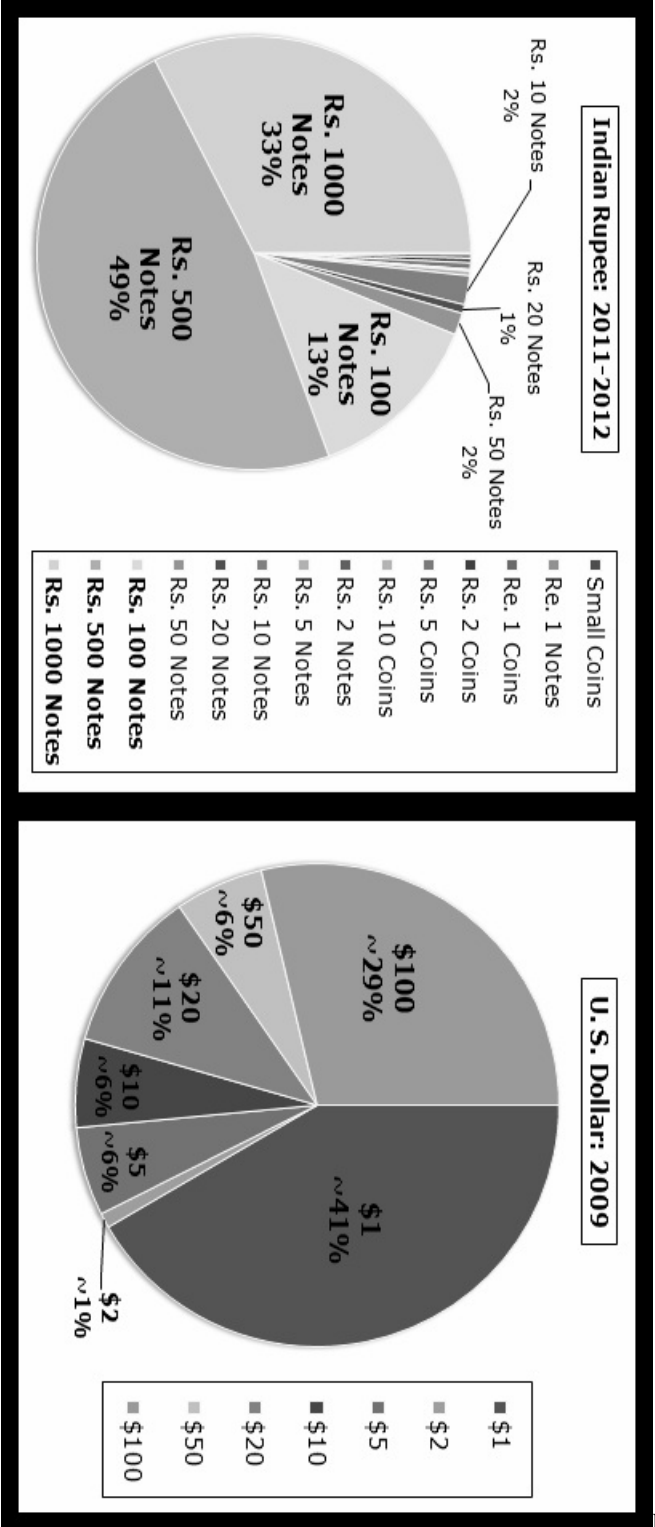
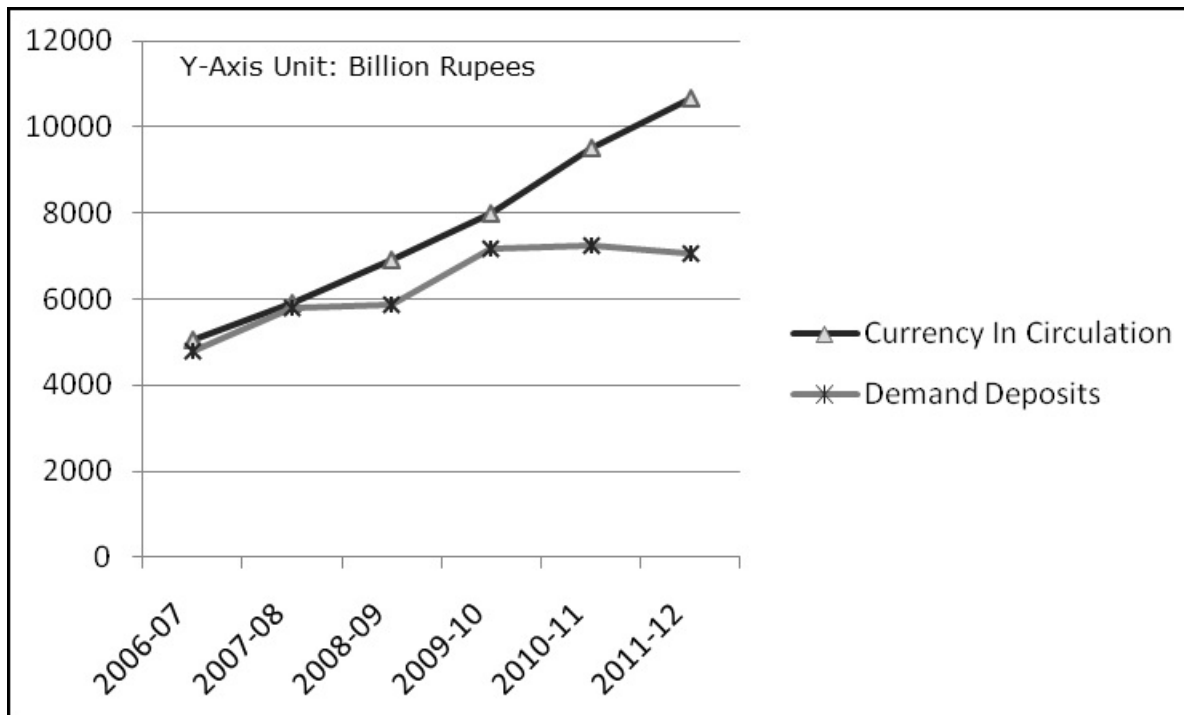


Fig. 20.4 Trends of Currency in Circulation and Demand

Deposits



Chapter 21

Hindutva Principle Of Economic Development

Subramanian Swamy*

21.1 Introduction

I am not an advocate of the concept of “Hindu economics” because economic laws are universal, and humans respond to incentives and coercion more or less the same way everywhere and in every culture. But I do advocate here that there is a need for a Hindu School of Economics for developing an alternative and holistic theory of economic development based not only on material output and economic services, but on ancient Hindu spiritual values. These values are codified as Sanaatana Dharma (i.e., eternally valid enlightened norms) whereby dharma informs the acquisition of artha (wealth), the scope and limits of enjoyment of kama (sensual and other pleasures), and the ultimate pursuit of moksha (spiritual salvation).

E-mail: swamy39@gmail.com Affiliation and Biography: taught at Harvard Department of Economics for a total period of over 40 years. During 1969 to 1991, he was a Professor of Economics at the Indian Institute of Technology (IIT) Delhi. Swamy is the author of numerous books and writes regularly in various journals and newspapers. Some of his books are: Economic Growth in China and India (1989), The Assassination of Rajiv Gandhi: unanswered questions and unasked queries (2000), Hindus Under Siege (2006), Corruption and Corporate Governance in India: Satyam, Spectrum, and Sundaram (2009), Economic Development and Reforms in India and China (2010).

In 1990-1991, Swamy was a minister in the Chandra Shekhar cabinet and was in charge of the ministries of Commerce and Law and Justice. He has been the President, Janata Party since 1989.

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These two goals of kama and moksha are dependent on attaining a critical level of artha, much as Swami Vivekananda had said in the late 19th century that we cannot preach spirituality to someone with an empty stomach.

The Swadeshi (indigenous) or Hindutva (the quality of being Hindu or Hinduness) theory of development postulates that the basis for pursuit of true or inner happiness is the spiritual advancement of one's self, with economic well-being treated as a means to that end. This contrasts with the single-minded pursuit of material and physical pleasure as an end in itself in capitalistic or socialistic theories of development in which the unidimensional approach of materialism has led to the present greed-dominated globalization.

The word Hindutva was first explicitly used by Veer Savarkar to define nationalism. The word itself is of mid-19th century coinage meaning “Hinduness.” The Hindutva inspiration was the foundation for the first major nationalist struggle the Swadeshi (Self-Reliance) Movement, in which Sri Aurobindo, the freedom fighter and spiritual reformer, was a prime mover. This movement followed the Partition of Bengal in 1905 but preceded Savarkar's writings. However, taken together, today Hindutva is a multifaceted concept of identity, social constitutional order, modernity, civilization history, economic philosophy, and governance.

Sanaatana Dharma is eternal because it is based not upon the teachings of a single preceptor or a chosen prophet, but on the collective and accumulated wisdom and inspiration of great seers and sages from the dawn of civilization. Hindu theology and scriptures therefore as accumulated

revealed knowledge, not revelations of any prophet that was taken down by scribes or followers.

Thus, Sanaatana Dharma is an enlightened code of living which if we follow will keep us happy and stress-free, and will enable us to make progress in life without bitterness. The present life of materialism without regard to harmony with spiritual values is disastrous and a cause of unhappiness.

Hindutva is a concept that reflects the broad spiritual ethos of India's many great rishis, yogis, and sanyasis, and their diverse teachings and spiritual vision. In this chapter, we have essentially followed Sri Aurobindo's formulation, which though having the same basis as Savarkar's, is more broad-based.

My search for a more holistic theory of economic development rooted in Hindutva is about three decades old. In 1970, I had presented a "Swadeshi Plan" (Swamy 1971) at a gathering of economists assembled at the Institute of Economic Growth, University of Delhi. It was an instant national media event because of the yearning for an alternative theory relevant to India, but it attracted a huge amount of flak from the left-wing academics who dominated the universities those days. So much so, that the then-prime minister, the left-leaning Mrs. Indira Gandhi (who also at that time held the Finance Portfolio), on March 4, 1970 took the floor of the Lok Sabha (India's Parliament) during the 1970-71 budget debate, to denounce my Swadeshi Plan, and me by name, as "dangerous" because "much like a Santa Claus" I had promised presents to all.

She was particularly irked by my thesis that India could grow at 10 percent per year instead of 3.5 percent per year, achieve self-reliance, and produce nuclear weapons for its defense, only if India gave up the Soviet model of socialism and followed a competitive market economic system that is harmonized with values drawn from Sanaatana Dharma, much as Mahatma Gandhi had preached prior to achieving Independence, by raising the slogan of Ram Rajya.

Those days in the 1970s, few dared to question Soviet socialism, much less advocate Hindutva. The entire left-wing-captive intellectuals therefore had pounced on me and ostracized me from academia because I had debunked the Soviet economic model by describing it as a prescription for disaster for India. If as I argue here that single-minded material pursuit and maximization cannot produce happiness, then it is also true that a system that is based not on incentives but on coercion, as the Soviet model was, cannot work. This latter fact is now estab

lished by the history of the 1980s and '90s with the unraveling

of the Soviet empire.

There is now a growing interest in the West, especially the United States, regarding Hindu concepts. Although it was a long time ago that Ralph Waldo Emerson spoke glowingly about the Bhagvata Gita, in recent years there have been published a spate of articles and books on the need to incorporate Hindu concepts in economic analysis. Bruce Rich's (2010) book on globalization is one such worthy of notice. Philip Goldberg's American Veda

(2011) is another.

Lisa Miller's "We Are All Hindus Now," Newsweek (August 24-31, 2009) has popularized Hindu concepts on life that are rational and secular enough for Americans to accept. Thus, Hinduism's scientific foundation and spirit of inquiry is beginning to find favor abroad. Miller, an editor of Newsweek, holds that modern Americans "conceptually, at least, are slowly becoming more like Hindus and less like traditional Christians in the ways we think about God, ourselves, each other and eternity." That is, she is saying that Hindutva is permeating the United States by osmosis. The way Americans think about God, themselves, each other, and eternity is closer to the Hindu view than the traditional Christian view. For example, the Hindu scripture the Rig Veda says "Truth is One, but the sages speak of it by many names." Miller says "A Hindu believes there are many paths to God. Jesus is one way, the Quran is another, yoga practice is a third. None is better than any other; all are equal. The most traditional, conservative Christians have not been taught to think like this. They learn in Sunday school that their religion is true, and others are false."

Miller quotes a 2008 Pew Forum survey suggesting that 65 percent of Americans believe that "many religions can lead to eternal life" –including 37 percent of white evangelicals, the group most likely to believe that salvation is theirs alone. While only 24 percent of Americans identified themselves as "spiritual, not religious" in a 2005 Newsweek poll, that number had increased to 30 percent in 2009. Miller views Americans as practical eclectics accepting whatever combination of religious practices work for their individual needs. For example, some might say "if going to Catholic mass plus the yoga plus the Buddhist retreat works, that's great, too." Miller cites a 2008 Harris poll statistic that 24 percent of Americans say they believe in reincarnation, and cites the Cremation Association of North America claim that more than a third of Americans now choose cremation after death.

The statement of Oscar-winning Hollywood actress Julia Roberts made upon converting with her family to the Hindu religion is revealing of the spreading popularity of Hindu concepts in the United States. She said that despite becoming wealthy, she could obtain mental peace and solace only after imbibing Hindu concepts. The wide acceptability of yoga in the United States today is also a manifestation of the growing acceptability of Hindutva.

The main objective of the Sanaatana Dharma thus is to unfold the tremendous multidimensional potentialities of human intelligence, step by step, from the outer physical body level to the subtle inner mental to intellectual, and ultimately to the highest spiritual level, leading to Enlightenment and Self-Realization. The human being is constituted by soul, mind, and body, parallel in functions to a company incorporated constituted by a proprietor, manager, and workers. In the West, the innovative mind is based on the development of cognitive intelligence only.

India today leads the world in the supply pool of youth (i.e., persons in the age group of 15 to 35 years), and this lead will last for another forty years. This generation is the most fertile milieu for promoting knowledge, innovation, and research. It is the prime workforce that saves for the future, the corpus for pension funding of the elderly. We should therefore not squander this "natural vital resource."

Thus, India has now become, by unintended consequences, gifted with a young population. If we educate this youth to develop cognitive intelligence (CQ) to become original thinkers; imbibe emotional intelligence (EQ) to have team spirit and a rational risk-taking attitude, inculcate

moral intelligence (MQ) to blend personal ambition with national goals; cultivate social intelligence (SOI) to defend civic rights of the weak, gender equality, and the courage to fight injustice; and nurture spiritual intelligence (SI) to innovate the transformative power of vision and intention to access the vast energy that pervades the cosmos to innovate and do out-of-the-box research, then we can develop a superior species of human being, an Indian youth who can be relied on to contribute to make India a global power within two decades. Computers may have high CQ because they are programmed to understand the rules, and follow them without making mistakes. Many mammals have high EQ. Only humans know to ask why, and can work with reshaping boundaries instead of just within boundaries. Human can innovate; animals cannot.

The nation must therefore structure a national policy for the youth of India so that in every young Indian the five-dimensional concept of intelligence, viz., cognitive emotional, moral, social, and spiritual manifests in his or her character. Only then will our demographic dividend from a greater proportion of youthful population not be wasted. These five dimensions of intelligence constitute the ability of a person to live a productive life and for the national good. Hence, a policy for India's youth has to be structured within the implied parameters of these five dimensions.

True happiness is possible, according to Sanaatana Dharma, only if material progress that is attained is moderated and harmonized by spiritual values. This is the Hindutva (Hinduness) principle of economic development, and it is this core concept that is becoming widely acceptable as the world faces the consequences of greed and envy that is fueling the current globalization. Thus, the choice of objectives, priorities, strategy, and financial architecture, the four pillars of the nation's policy making for economic development, has to be defined in accordance with Hindu concepts. This Hinduization leads to Hindutva or Hinduness. What that means we shall now discuss.

Hinduness springs from Sanaatana Dharma in Sri Aurobindo's broader formulation, and also in Savarkar's narrower formulations. In the analysis in this chapter, Hindutva conforms to Vedanta as propounded by Swami Vivekananda, and as interpreted by Gandhi, Golwalkar, and Upadhyaya.

21.1.1 The Concept of Hindutva: Can It Be Fundamentalist?

This unique feature of focusing on the message and its truth rather than the authority of the messenger brings Sanaatana Dharma closer to being a science, and its spiritual logic akin to the scientific inquiry. In science also, a principle or a theory must stand or fall on its own merit, not on the authority of anyone. If Newton and Einstein are considered great scientists, it is because of the validity of their scientific theories.

In that sense, science is also *apaurusheya* (beyond human authority). Gravitation and relativity are eternal laws of nature that existed long before Newton and Einstein. These are cosmic laws that happened to be discovered by these scientific sages. The greatness of Newton and Einstein lies in the fact that they discovered and revealed great scientific truths. But no one invokes Newton or Einstein as an authority to "prove" the truth of the laws of nature; the laws stand on their own merit.

This is the greatest difference between Sanaatana Dharma and the two religions of Roman Catholic Christianity and Islam. These two major religions simply do not tolerate pluralism. In a document titled “Declaration of Lord Jesus,” the Vatican proclaims non-Christians to be in a “gravely deficient situation,” and that non-Catholic churches have “defects” because they do not acknowledge the primacy of the Pope.

This of course means that the Vatican refuses to acknowledge the spiritual right of the Hindus to their beliefs and practices! Christianity consigns non-Christians to hell, and the only way they can save themselves is by becoming Christians. Thus, even if a Hindu lives a life of virtue, he is still consigned to hell by Christianity because he refuses to acknowledge Jesus as the only savior.

The same is true of Islam; one must submit to the prophet Muhammad as the last, in effect the only prophet, in order to be saved. Belief in God means nothing without belief in Christ as the savior or Muhammad as the Last Prophet. Even one who believes in God but does not accept Jesus or Muhammad as an intermediary is considered a nonbeliever, and therefore a sinner or a kafir. This is what makes both Christianity and Islam exclusive, what makes Hinduism pluralistic and tolerant, and therefore Hindutva inclusive.

Hinduism recognizes no intermediary as the exclusive messenger of God. In fact, the Rigveda itself says: “ekam sat, vipra bahuda vadanti,” meaning “cosmic truth is one, but the wise express it in many ways.” The contrast between exclusivism and pluralism becomes clear when we compare what Krishna and Jesus Christ said:

Krishna in the Bhagavadgeeta (ch. 9, verse 29) says: “All creatures great and small—I am equal to all. I hate none nor have I any favorites . . . He that worships other gods with devotion, worships me.”

“He that is not with me is against me,” says Jesus (Matt. 12:30). So a devotee cannot directly know God, but can only pray to God through the intermediary—who jealously guards his exclusive access to God. [Martin Luther’s reformation around 1517 AD questioned the idea of exclusive access.] Those who try otherwise, even a priest, are excommunicated as was done in the case of Rev. Don Mario Muzzoleni (1994), as he himself records in his book.

Hinduism is the exact opposite of this. Anyone can know God, and no jealous intermediary can block one’s way. And the Hindu tradition has methods such as yoga and meditation through a guru to facilitate one’s reaching God. Further, this spiritual freedom extends even to atheism. One can be an atheist (naastik) and still claim to be a Hindu. In addition, there is nothing to stop a Hindu from revering Jesus as the Son of God or Muhammad as a Prophet. In contrast, according to Roman Catholic Christian or Muslim traditions it is sacrilegious to revere any other saint or God than their own prescribed ones. In ancient times non-believers were called pagans or kafirs and tortured for their beliefs. Pakistan has blasphemy laws even today.

The objective of human life is not merely the pursuit of happiness and pleasure, but to experience a deep sense of fulfillment. All else (e.g., position, purse, power, prestige, prize, profession, etc.) are at best, simply the means to that goal by which fulfillment can be achieved, which is only by acquiring and cultivating the ingredients of dharma. Fulfillment is essential because the human, unlike the animal, can reason logically, both deductively and inductively, to

analyze, theorize, and predict. When the human gets it wrong, he or she is unable comprehend why. For this, a moral compass becomes necessary.

Hinduism and its scriptures on yoga have a moral code. Twenty ethical guidelines called yamas and niyamas, “restraints and observances.” These “do’s” and “don’ts” are found in the ancient Vedas, and in other holy texts expounding the path of yoga. This moral code informs the theory of economic development.

The yamas and niyamas are a common-sense code recorded in the section of the Vedas called the Upanishads, namely the Shandilya and the Varuha. They are also found in the Hatha Yoga Pradipika by Gorakhnatha, the Tirumantiram of Tirumular, and the Yoga Sutras of Patanjali. The yamas and niyamas have been preserved through the centuries as the foundation, the first and second stage, of the eight-staged practice of yoga.

Sage Patanjali said “these yamas are not limited by class, country, time (past, present or future) or situation. Hence they are called the universal great vows.” The science of yama and niyama are the means to control the vitarkas, the cruel thoughts, which when acted upon result in injury to others, untruthfulness, hoarding, discontent, indolence, or selfishness. For each vitarka possessed, one can create its opposite through yama and niyama, and make one’s life successful.

The Hindu value system is a balance between hard skills (such as learning arts & science) and soft skills (such as morals).

So the message is clear: India and Sanaatana Dharma exist for each other. Sanaatana Dharma defines nationalism, and nationalism is Sanaatana Dharma. Hindutva is the practical and political manifestation of Sanaatana Dharma. It exists to defend Sanaatana Dharma, while threatening no one. This was the Hindustan that Sri Aurobindo and many other sages had dreamed about. It should also be our dream and goal today.

Vedic civilization endured for many centuries while providing prosperity and justice to all. This happened because it was based on a balance between power and dharma achieved through a collaboration between the rulers and the sages (or kings and rishis) of the land. The two of course can be separated, but this understanding of the rishi and king alliance in the Rigveda can serve as a guide and inspiration to the future for India and the polity.

I want to emphasize that we use the terms Brahmana and Kshatriya to mean those who perform those functions, and not castes based on birth, as is held today. Krishna in the Bhagavadgita says: “caturvarnyam maya srishtam guna-karma vibhagashah.” This means: “The four classification (varna) are made by me based on character (guna) and duties (karma).” In due course, this became perverted as caste based on birth—which we hold as a serious corruption of dharma. To give an example from Krishna’s Gita, Dr. Ambedkar was a Brahmin because of his intellectual leadership in authoring India’s constitution, regardless of his birth in a Scheduled Caste family. The Hindu idea of the dharmic king is also very different from a theocracy, or a rule by the church. The purohit never represented a church, institution, or dogma. He functioned as an advisor, not as a censor or “thought police.” One of the functions of the purohit was to make sure that the king was fit, not only politically but spiritually. King Bharata disinherited his own sons as unfit to rule. Sagara disinherited his own son Asamanjas and made his grandson Anshuman his heir, who went on to become a great ruler. The Vedic idea of a dharmic king had a democratic side to it. The purohit—as puro hita—represented the people’s interest. The rishis,

therefore, gave the kings their privileges and enjoyments, but balanced these with duties and respect for the sages and dharma.

There are only skeletal remains of our glorious civilization that was once the most scientifically advanced, educated, and wealthy. The present generation of Hindus therefore has to reconstruct this civilization and rebuild the cultural edifice from these skeletal remains. This is what we call a national renaissance.

Therefore, structurally, there is no scope for a Hindu to be a fundamentalist, for, fundamentalism, by definition, requires an unquestioning commitment to a book or scripture in its pristine original version. For Hindus, there is no one scripture to revert to for theological purity, because there are many scriptures raising a plethora of beliefs that sustain faith, debates, and profound speculations on basic questions (e.g., the Upanishads), such as on advaita, dvaita, aastika, and naastika. Questioning, debating, and synthesizing are an integral part of Hindu theology viz., shashtrathas. Nor does Hinduism have just one prophet to revere, or does it prohibit holding any other view of religious experience. But most of all, Hindus are committed to the search for truth (including knowing what is truth), for which incessant debate is permitted. Fundamentalists on the other hand unquestioningly are committed to “the Book.” This again is perhaps why Hindutva followers are unlikely to become fundamentalist, which Muslims and some sects of Christians can.

21.1.2 Casualties of Hindutva–Based Theory of Economic Development

As Bruce Rich (2010, 6) aptly summarized it, quoting Kautilya (otherwise known as Chanakya), subject to dharma, priority is to be given to artha (i.e., the society’s and individual’s material wealth and well-being), with the subsequent aim of experiencing kama, but ultimately striving to attain moksha.

In the late 1970s, I came under the influence of Deendayal Upadhyaya’s Integral Humanism, and by Dattopant Thengadi’s commentaries on it, and therefore enlarged the concept of Swadeshi to explicitly include the necessity of formally harmonizing the goal of economic development with India’s ancient Hindu spiritual values.

In 1977, at the invitation of Dr. Mahesh Mehta, I presented a paper in New York titled “Economic Perspectives in Integral Humanism”; it was later published (Swamy 1978).

By then I had also been influenced by the writings of the venerated sage, accomplished scholar, and Freedom Fighter, Sri Aurobindo, who had long foreseen the debilitating effects of a one-dimensional materialist outlook on human society, long before the consumerism of globalization that we see today.

In his 1918 publication titled *The Renaissance of India*, he advocated the harmonization of material pursuits with spiritual and moral values to create an integral person. The economic policy thus designed, he said, must be consistent with the spiritual values embedded in Sanaatana Dharma.

It is this seminal idea that Deendayal Upadhyaya, a profound political thinker and activist, developed into his thesis of Integral Humanism (Upadhyaya 1965) To quote Deendayalji himself, “Both the systems, capitalist and communist, have failed to take account of the Integral Man, his true and complete personality, and his aspirations. One [system] considers him mere

selfish being, lingering after money, having only one law, the law of fierce competition, in essence the law of the jungle; whereas the other has viewed him as a feeble lifeless cog in the whole scheme of things regulated by rigid rules, and incapable of any good unless directed. The centralization of power, economic and political, is implied in both. Both therefore result in dehumanization of man” (76). He thus advocated for swadeshi (self-reliance) and vikendrikaran (decentralization) as the two pillars of the economic policy suitable for our times. Upadhyaya also dismissed the democratic or the neo- “Gandhian” version of socialism as failing to establish the importance of the human being (74–75).

This is in keeping with the thesis of Sri Aurobindo that class struggle as a concept embedded in all varieties of socialism is anti-human, and instead, class harmony and conflict resolution are the basic instincts of the human. The Communist concept of the dictatorship of the proletariat was nothing but “the dictatorship of the dictator of a dictatorial party.” The task of making these ideas become mainstream to the English-speaking elite and economists was looking near impossible.

I was however proved right and vindicated later in 1991, when the Soviet Union unraveled in a spectacle of “Balkanization” of 16 separate countries. Most of the prominent left-wing academics also mercifully left India and migrated to the United States. The search for Hindutva Principles then began with gusto because of an ongoing Ram temple national agitation. As Commerce Minister then, I presented the first blueprints for the economic reform that was subsequently adopted and implemented without much opposition by the successor Narasimha Rao government (in which also I held a cabinet-rank post).

Today I can, with some satisfaction, assert that by propounding the concept of an integral outlook—namely that economic behavior must blend with spiritual values to produce a happy and contented society—the Hindutva theory of economic development represents for the nation a new and alternative direction in economics discourse.

We in India have yet to incorporate this direction in our official economic policy, but the time will soon be at hand for us to do so when the people’s mandate is given for a new system of governance.

Mahatma Gandhi had said that in this world there is enough for everybody’s need, but not for everybody’s greed. Agreeing with this dictum, we need to define what is the need, and how greed can be curbed. This would cause three major casualties in the current neoclassical economic theory.

First, the objective of maximum profit in production theory and maximum utility in consumer behavior theory will have to be replaced. Based on Hindutva principles, one good replacement would be making the minimum cost of production subject to a lower bound for production, and minimum expenditure subject to a lower bound for the level of utility that must be attained.

Second, that while individual choices are transitive, the collective majority-determined choice is not necessarily transitive. Hence collective choice would require conflict resolution and game theory to ensure transitivity. This is the Hindutva principle of harmonization.

Third, that innovation would not be cognitive-intelligence driven, but created by a collective

determination of six intelligences: cognitive, emotional, social, moral, spiritual and environmental.

21.2 Structure of Hindutva-Based Economic Policy

Economic policy is usually structured in a four-dimensional framework, and may be thus defined by: (1) Objectives, (2) Priorities, (3) Strategy, and (4) The Financial and Institutional Architecture.

Let us take the first dimension, of objectives of economic policy of the four main ideologies of capitalism, socialism, communism, and Integral Humanism of Hindutva. Theoretically, communism takes maximum production for the state as the goal, while capitalism considers that the jungle concept of laissez-faire based on survival of the fittest will be guided by an Invisible Hand to achieve maximum profit for producers and maximum consumption of material goods for the worker. Socialism aims at maximum welfare measured by state guarantees against risks of disease, death, and unemployment to the individual citizen. That is the concept of welfare under socialism.

However, all these goals are purely materialistic, and derail innate human development by encouraging the rat race. The Hindutva theory of economic development requires that at human being's development be viewed integrally and holistically (hence Upadhyaya's term Integral Humanism). That means the blending of materialistic goals with spiritual imperatives as the primary goal of economic policy.

M. S. Golwalkar, the organizational genius behind the Rashtriya Swayamsevak Sangh (RSS)—a fervent Hindutva cadre-based but volunteer organization of more than one million in his Bunch of Thoughts (Golwalkar 1966, 5), states: “All attempts and experiments made so far were based on “isms” stemming from materialism. However, we Hindus have a solution to offer.” He propounded that “the problem boils down to one of achieving a synthesis of national aspirations and world welfare.” Golwalkar advocates that in this synthesis, “swaawalambana (or self-reliance) forms the backbone of a free and prosperous nation” (313), and that at the very minimum, “atma poorti (or self-sufficiency) in food production is a must for our national defense” (316).

The difference between swaawalambana and atma poorti is this: the former requires us to depend on our own resources, (i.e., if there is a shortage of some commodity, we should earn enough foreign exchange via exports to buy it abroad). The latter concept of atma poorti requires that we produce sufficient quantities in our own country so that we do not suffer in any shortage in any required commodity. That is, we should depend only on our own indigenous production.

Today obviously that is not the situation in India. We find that the nation has moved from food self-sufficiency (atma poorti) in the mid-1970's to dependence on imports from abroad. Farmers are committing suicide, and India's farmlands, due to the blind use of chemicals and foreign seeds, are becoming of low productivity or going barren.

Golwalker's warning thus was timely. India must reorient the objective of our economic policy to regain self-sufficiency in food production, and must do so as much as possible by environment-friendly means such as organic farming, wind energy, and cooperative endeavors.

Upadhyaya, drawing on the seminal ideas of Golwalkar, thus brought out how the objective of economic policy differs from the objective in the foreign ideologies of capitalism, socialism, and communism. He propounded therefore the concept of the “Integral Man” as assimilating and harmonizing the chaturvidha purushartha (four energies), which he elaborated on as a concept in his Integral Humanism.

He added the concept of Chiti, the soul of the nation, which each nation must discover to decide the correct formulation of economic policy. The concept of the Chiti of a nation is an original contribution of Upadhyaya, but a more articulate version is the concept of identity elaborated by the late Harvard professor, Samuel Huntington, in his book *Who Are We?*.

Thus the economic perspectives in Integral Humanism, which is the Hindutva theory of economic development, are fundamentally different from those contained in capitalism, socialism, and communism. To quote Upadhyaya himself: “Both these systems, capitalist as well as communist, have failed to take account of the Integral Man, his true and complete personality and his aspirations. One considers him as mere selfish being lingering after money, having only one law, the law of fierce competition, in essence the law of the jungle; whereas the other has viewed him as a feeble lifeless cog in the whole scheme of things, regulated by rigid rules, and incapable of any good unless directed. The centralization of power, economic and political, is implied in both. Both, therefore, result in dehumanization of man” (Upadhyaya 1965, 76). Arguing that the so-called democratic socialism is no better, he stated: “Socialism arose as a reaction to capitalism. But even socialism failed to establish the importance of the human being. The needs and preferences of individuals have as much importance in the socialist system as in a prison manual” (74–75).

Therefore Upadhyaya stated for his Integral Humanism that “Man, the highest creation of God, is losing his own identity. We must re-establish him in his rightful position, bring him the realization of his greatness, re-awaken his abilities and encourage him to exert for attaining divine heights of his latent personality. This is possible only through a decentralized economy” (1965, 76–77). He went on to indicate: “Swadeshi and Decentralization are the two words which can briefly summarize the economic policy suitable for the present circumstances” (78).

Upadhyaya’s stress on the need to think in integrated terms is now fashionably called the “systems analysis or holistic view” in the West. He also emphasized the need to liberate man by recognizing “complementarities” in life, which in a narrower economic context is “external economies” or social cost–benefit analysis. That is, the human is not on his own, or alone. Upadhyaya’s plea for rejection of class struggle and for the need to think in terms of conflict resolution and “class harmony” is now much in vogue today in the West—which is getting increasingly disillusioned with capitalism.

If we are not to suffer the societal unhappiness and tensions of the West, then we have to break away from the path that we have chosen presently, viz., the Nehruvian materialistic socialistic path that has yet to be completely abandoned because economic reforms initiated since 1991 have been largely aborted since 2004. A partial break is not enough for the national good.

The alternative to materialistic capitalism is obviously not communism with Chinese characteristics as the remnants of the Left in India camouflaged as liberals still argue, because

even in China, there is a problem of “alienation” and “exploitation,” as revealed recently in news reports.

Deendayal Upadhyaya was also aware as early as 1965 of the Communist degeneration. Logically for him, any system in which man does not receive primacy is bound to ultimately degenerate. Interestingly, Deendayalji quotes M. Djilas, the author of *The New Class*, to prove that in Communist countries, “a new class of bureaucratic exploiter has come into existence.”

Thus, by presenting his Integral Humanism, which I have expanded here as the Hindutva theory of economic development, Upadhyaya had placed before the world a new original alternative ideological framework. One must appreciate the fundamentally different structure of economic policy imbedded in the Hindutva theory. Capitalism and communism do have similarities in matters of objectives and institutional framework. If cost of production is stabilized, then maximum profit and maximum production are identical.

Again, “class struggle and annihilation,” and survival of the fittest, differ only to the extent that communism envisages the survival of the “fittest” class, whereas capitalism expects the “fittest” individual to engage in fierce competition and annihilate his or her rivals. Similarly, socialism has only a difference of degree with communism, regarding the extent of coercion and control, and not fundamentally. That is why communism is often referred to as “scientific” socialism, although there is nothing scientific about it.

Because one socialism differs from another socialism only in degrees, there are many varieties of socialism ranging from those of Hitler’s Nazism, Uganda’s Idi Amin’s version, and Indira Gandhi’s, to the democratic socialism of Sweden. This has only caused confusion and gives ample scope to hypocrisy. Thus we can see some people in India arguing on one hand for nationalization and austerity, and at the same time encouraging foreign collaboration while living in mansions. Such inconsistencies can be reconciled in some variety of socialism, interpreted at will.

Except in Integral Humanism, humanity as a whole is subservient to these systems either explicitly or implicitly. Under communism, man explicitly serves the system. Coercion, termed as dictatorship of the proletariat, is legitimized “in the interest of the State.” Even the choice of a career, location of work, and personal advancement are explicitly or implicitly directed by the State. The person in such countries has no room for choice or even any way to opt out of such a system because his freedom to travel out of the country is also completely curbed.

In capitalism, an individual may have the technical freedom for his “pursuit of happiness,” but the system fails to accommodate the varying capabilities and endowments of man. It is the law of the jungle, which is at the core of the survival of the fittest as the norm of capitalism; therefore, some achieve great progress and advancement while others get trampled and disabled in what is called the “rat race.”

Because maximum profit is possible only in a newer and latest technology, man has to socially and personally adjust to the terrifying demands of technology, rather than technology adjusting to the integral needs of man. So we witness today in an advanced capitalist country such as the United States broken homes, high divorce rates, and ruined family lives, which have become

common because technology has run riot there in making these cruel demands. So man has to adjust to it, drop out, or perish. Such a development becomes inevitable in a system in which the “manpower saving (is) the guiding factor in the design of machines.”

The recent craze in the West for our “Sadhus” and Hindu religion arises largely due to this search for individuality, to escape the mental tensions that this kind of technology demands from the people, and because their own religious preachers are ill– equipped to cope with it. Thus we find highly accomplished and wealthy persons in the West increasingly turning to Hindutva such as yoga, meditation, Ayurveda, and as we recently saw in the case of the Hollywood actress and her family, even convert to the Hindu religion. Why this fascination has developed is discussed in the new book by Philip Goldberg (2010).

Thus in capitalism, in its extreme form called laissez–faire, although man has fundamental freedoms, his development strategy is to give primacy to technology; therefore implicitly man becomes subservient to the system. In such societies individuality is expressed in other outlets such as crime, free sex, drunkenness, and rebel dropout movements.

Just as survival of the fittest is dehumanizing, so is class struggle, which is the foundation of Marxism. Under communism, classes are sought to be eliminated by the intensification of class struggle. Obviously such intensification will lead to hate and tension, and consequently dehumanization. We saw the extent of such dehumanization in communist countries. In the USSR, for example, most prominent intellectuals such as Alexander Solzenitsyn and Andrei Sakharov suffered severe punishment from the state because they questioned this dehumanizing process.

Once a decision is taken on the path of development, Upadhyaya would advocate incentives, and realistic taxation to encourage saving, and to discourage conspicuous consumption as the only practical way to mobilize resources. This is contained in postulate 7. Most ideologies are weak when it comes to specifying resource mobilization, perhaps, because spelling it out means annoying one sector or another. Therefore, the topic is either handled in a general way or indirectly.

In Hindutva, a person must be encouraged to save, live simply, and acquire wealth, but then it must be made socially prestigious to give away his or her wealth or manage it as a “trustee” for society. In Western societies, the extent of a person’s wealth is the most important determinant of his social, cultural, and national prestige. So he is encouraged to part with a portion of his wealth by urging him to spend more and on himself! This results in a fierce competition on who can spend more on himself “keeping up with the Joneses,” leading to great waste. In this behavioral factor alone, Hindutva is distinctly different from the culture of the West.

Thus in Integral Humanism’s scheme of things, which is based on Hindutva, social and cultural influences are integrated into a man’s psyche, so that parting with his wealth for society becomes his own desire. In such a framework, there is no weakening of a person’s resolve to have her income or pursue its immediate enlargement. Philanthropy is essentially a pillar of democracy, and hence as Mahatma Gandhi had said, the rich must treat themselves as trustees of the nation’s wealth. In short, approach to economic management, taxation to encourage savings, the importance of trusteeship, environmental protection are some of the important practical and

concrete policy suggestions associated with Hindutva.

As a trustee, every individual also cares for the physical environment, and wants to avoid pollution. He also treats animals humanely, and where such animals are multiple assets to human civilization, such an integrally human person will even regard the animal as divine to ensure it is nurtured and respected. The cow is one such animal.

Recent research suggests that only the milk of *Bos Indicus* (i.e., an Indian breed of cows) has desired health-promoting properties due to the presence of the Beta Casein A2 protein. European breeds of cows are classified as *Bos Taurus*. Their milk contains the protein Beta Casein A1, which produces beta-casomorphin7, which makes this milk diabetogenic relative to A2 milk. Medical researchers have also linked A1 milk with a statistically higher incidence of cardiac situations. In Australia, New Zealand, and Korea, Certified A2 milk is already commanding a premium price of four times the price of noncertified A1A1–A1A2 milk.

Concomitantly crossbreeding between the two breeds of the cow is being discontinued in these countries. Strategies are already being worked out to get all farmers to revert to the *Bos Indicus* breeds to obtain beta casein A2 protein in their milk.

21.3 Postulates of Hindutva Theory of Economic Development

I need not dwell any further on the defects of other ideologies, but consider in, concrete positive terms, what economic perspectives Hindutva offers. I would organize these first in terms of basic economic postulates using modern theoretical terminology and jargon:

Postulate 1: The economy is a subsystem of the society, and not the sole guiding factor of social growth. Hence no economic theorems can be formulated without first recognizing that life is an integral system, and therefore whatever economic laws are deduced or codified, they must add or at least not reduce the integral growth of man. The centrality of man's divine spark and his evolution is on the four Chaturvidha Purusharthas of dharma, artha, kama, moksha.

Postulate 2: There is plurality, and diversity in life. Man is subject to several internal contradictions. The solution is based on the harmonization of this plurality, diversity, and internal contradictions. Thus laws governing this harmony will have to be discovered and codified, which we shall call dharma. An economy based on dharma will be a regulated one, within which man's personality and freedom will be given maximum scope, and be enlightened in the social interest.

Postulate 3: There is a negative correlation between the state's coercive power and dharma. In the latter, the acceptance of regulation by man is voluntary because it blends with his individual and collective aspirations, whereas in the former, regulations often conflict with aspirations, and hence man is coerced into accepting the regulation or suffering.

Postulate 4: A society of persons of common origin, history, or culture has a chiti (soulforce). It is this chiti that integrates and establishes harmony. Each nation has to search out its chiti and recognize it consciously. Consequently, each country must follow its own development strategy based on its chiti. If it tries to duplicate or replicate other nations, it will come to grief.

Postulate 5: Based on the perception of chiti and recognition of dharma, an economic order can

be evolved that rationalizes the mutual inter-balances of the life system by seeking out the complementarities embedded in various conflicting interests in society. Such an order will reveal the system of social choices based on an aggregation of individual values.

Postulate 6: Any economy based on Integral Humanism will take as given besides the normal democratic fundamental rights, the Right to Food, Right to Work, Right to Education, and Right to Free Medical Care as basic rights.

Postulate 7: The right to property is not fundamental, but economic regulation will be based on the complementarity that exists in the conflicting goals of social ownership of property and the necessity for providing incentives to save and to produce.

Postulate 8: Development of the economic system for the Hinduva-based Indian society is led by innovation (Shodh), guided by the principles of maximum reliance on indigenous resources (Swadeshi), by decentralization of the power that emanates from four sources of knowledge, weapons, wealth, and land (Vikendrikaran), and by structuring a modern social hierarchy based on a mutually exclusive ownership of these four sources of power (Adhunik Varna) . . . Thus, while rejecting any birth-based rights or discrimination as inconsistent with Vedanta philosophy, and requiring the co-option of any individual, irrespective of birth, into any of the four Varnas thus created, is the basis of the adherence to the discipline it requires.

Postulate 9: That at the apex of this social hierarchy emanating from the Vikendrikaran of power, viz., the Shodhkartas who lead the innovation capability of a nation (i.e., the intellectuals, researchers, teachers etc.), the co-option condition would be accomplishment in cognitive, emotional, social, moral, and spiritual intelligences, and the teaching of the same to all those in society who want to learn it.

These nine postulates represent the foundation of Integral Humanism, which is important for Hindutva. Most of the established and popular slogans of Indian society emanate from one or more (in combination) of these postulates. For example, the electrifying call of the Freedom Movement for Swadeshi, or self-reliance, is embedded in Postulate 4. The popular demand for decentralization finds its source in Postulate 3. The modern internationally fashionable slogan of environmental care and pollution control follows out of Postulate 5. The widespread scientific consensus that optimum solutions can only be found in “systems analysis” is contained explicitly in Postulate 1. Mahatma Gandhi’s advocacy of Trusteeship is implied in Postulates 2 and 7 read together. In other words, these seven postulates can singly or jointly conceptualize and synthesize the various goals that have stirred the soul of India (or its chiti).

With these postulates, we now need to derive the practical guidelines for our economic development. To do that, for example, take postulate 5.

First, we shall have to list the various complementarities; second, work out a calculus of costs and benefits to integrate these various complementarities; and third, frame decision rules on how to make social choices based on divergent individual values. So a “calculus” of incentives and compensation for effecting the complementarity is needed. Such a calculus is known to economists, but for shortage of space, I shall not elaborate on it here. (To do that here would make this paper unduly technical and mathematical.)

It is not enough to have a calculus to aggregate the complementarities, as we must also frame decision rules on how to make consistent social choices based on individual values. It is not enough to say that in a democracy, social choices should be based on majority–decision rule. The format for eliciting this majority needs to be spelled out; otherwise anomalies will result.

For example, suppose we divide society into three groups— A: Agriculturists, M: Manufacturers, S: Workers and those in services. Let us assume that the society consisting of A, M, and S has to rank the projects of X; Fertilizer plant; Y : Steel mill; and Z: Hospital, in order of preference. Thus the agriculturists (A) will rank X as the most important of all, Y as the second most important, and Z as the least important.

Therefore, if a choice is offered to them as between X and Y , they would choose X. If the choice is between Y and Z, then Y will be chosen. Obviously if X is preferred to Y , and Y is preferred to Z, then X will of course be preferred to Z for consistency. In notation, I shall write: “ \rightarrow ” for “preferred to”

Assume: A : X \rightarrow Y \rightarrow Z M : Y \rightarrow Z \rightarrow X
S : Z \rightarrow X \rightarrow Y

If a vote is taken on each pairs of projects, then we shall have:

X \rightarrow Y A + S = 2M = 1X \rightarrow Y i.e., choose X over Y Y \rightarrow Z A + M = 2S = 1Y \rightarrow Z i.e., choose Y over Z X \rightarrow Z A = 1M + S = 2Z \rightarrow X i.e., choose Z over X

Thus, in a majority decision without any format, a society may prefer with a two–thirds majority X over Y , Y over Z, and yet prefer over X! To avoid such social inconsistency, we must ensure that A, M, and S consult each other and seek to find out their complementarity in choices, and then vote.

This is why creation of a basic consensus or harmony is so essential. Such a process is lengthy, cumbersome, and complicated. But this is the only way to optimize the nation’s energies. The process can be simplified by decentralization of political and economic authority. It cannot be achieved in a centralized society.

Again if we take Postulate 8, we find that the Hindutva principles are in sync with the search for innovation as the driver of growth. Modern economic growth also is powered overwhelmingly (over 65 percent of GDP) by new innovation and techniques (e.g., the Internet). More capital and labor contributes less than 35 percent of growth in GDP. We must hence by proper policy for the young realize and harvest the demographic potential.

China is the second largest world leader in a young population today. But the youth population in that country will start shrinking from 2015 (i.e., less than a decade from now) because of the lagged effect of their ill–thought one–child policy. Japanese and European total populations are fast aging, and will start declining in absolute numbers from next year. The United States will however hold a steady trend thanks to a liberal policy of immigration, especially from Mexico and the Philippines. But even then the United States will have in a decade hence a demographic shortage in skilled personnel. All currently developed countries will thus experience a demographic deficit. India will not. Our past alleged liability, by a fortuitous turn of fate, has

now become globally regarded as our potential asset.

21.3.1 The Constitutionality of Hindutva

There remains a question whether this Hindutva–powered theory of economic development would be ultra vires within the India of the current Constitution, since according to a Constitutional Bench of the Supreme Court, the Indian Constitution cannot be amended to alter the “Basic Structure” of democratic and secular principles. It is my considered view that the Articles of the Constitution in its present shape (i.e., without amendment) are sufficient to incorporate the Hindutva tenets of economic development.

In fact, the basic structure of our Constitution is consistent with the tradition of Hindutva. Ancient Bharat or Hindustan was of janapadas and monarchs. But it was unitary in the sense that the concept of chakravartin (propounded by Chanakya), that is, of a sarvocch pramukh or chakravarti, prevailed in emergencies and war, while in normal times the regional kings always deferred to a national class of sages and sanyaasis for making laws and policies, and acted according to their advice. This is equivalent to Article 356 of the Constitution.

In that fundamental sense, while Hindu India may have been a union of kingdoms, it was fundamentally not a monarchy but generally contained a vision of a republic. In a monarchy, the king made the laws and rendered justice, and also made policy, but in the Hindu tradition the king acted much as the president does in today’s Indian Republic. The monarch acted always according to the wishes and decisions of the court–based advisers, mostly prominent sages or Brahmins. Thus Hindu India was always a republic, and except for the reign of Ashoka, never a monarchy. Nations thus make Constitutions, but Constitutions do not constitute nations.

Because India’s Constitution today is unitary with subsidiary federal principles for regional aspirations, and the judiciary and courts are national, therefore the Rajendra Prasad–monitored and Ambedkar–steered Constitution–making, was a continuation of the Hindu tradition. This is the second pillar of constitutionality for us. The Hindutva essence! These aspects were known to us as our Smritis. Therefore, it is appropriate here to explore ways by which Hindutva can be blended into the present Constitution more explicitly.

The framers of the Constitution of India also seemed to be aware of the Hindu heritage of India. A perusal of the final copy of the Constitution, which was adopted by the Constituent Assembly on November 26, 1949, is most instructive in this regard. The Constitution includes twenty–two illustrations within its main body. These illustrations are listed at the beginning of the Constitution. They were apparently chosen to represent various periods and eras of Indian history, and have been selected to represent the ethos and values of India, which the Constitution seeks to achieve through its written words. The framers of the Constitution appear to have had no doubt in their minds that the Hindu heritage of this country is the ballast on which the spirit of the Constitution sails.

In a Supreme Court judgment [(1995) SCC 576], the Court headed by Justice J. S. Verma held: “It is a fallacy and an error of law to proceed on the presumption that any reference to Hindutva or Hinduism in a speech makes it automatically a speech based on Hindu religion as opposed to other religions or that the use of the word Hindutva or Hinduism *per se* depicts an attitude hostile to all persons practicing any religion other than the Hindu religion . . . and it may well be that

these words are used in a speech to emphasize the way of life of the Indian people and the Indian cultural ethos . . . There is no such presumption permissible in law contrary to the several Constitution Bench decisions.”

This approach is now the law of the land. A Supreme Court Constitutional Bench headed by Justice P. D. Gajendragadkar, delivered a judgment [(1966) 3 SCR 242], wherein the Bench commented, “Unlike other religions in the world, the Hindu religion does not claim any one prophet; it does not worship any one God; it does not subscribe to any one dogma; it does not believe in any one philosophic concept; it does not follow any one set of religious rites or performances; in fact, it does not appear to satisfy the narrow traditional features of any religion on creed..”

Hindus instead have always believed in shashtharthas (debate) to convert others to their point of view. Hence, even when Buddha challenged the ritualistic practices of Hindus or Mahavira, and Nanak gave fresh perspectives on Hindu concepts, there was never any persecution or denunciation of these great seers. Indeed these visionary seers are considered as having benefited Hinduism.

Thus, the single most important theme of Hinduism is the freedom of the spirit to question, assimilate, synthesize, and then re-question is the process of inquiry in Hindu theology search, and just as science insists on freedom in exploring the physical world, Sanaatana Dharma embodies freedom in the exploration of the spiritual realm. Hindutva thus has a spiritual scientific quality.

This Hindu-ness or Hindutva has also been our identifying characteristic by which we have been recognized worldwide. The territory in which Hindus lived was known as Hindustan, that is, a specific area of a collective of persons who are bonded together by this Hindu-ness. The Salience thus was given religious and spiritual significance by tirth yaatraa, kumbh meala, common festivals, and in the celebration of events in the Ithihaasa, viz., Ramayana and Mahabharata. The religious minorities of Muslims and Christians in India also, as recent DNA studies on Indians show, are descendants of Hindus.

Hindu Rashtra thus defined, is our nation that is a modern republic today, whose roots are also in the long unbroken Hindu civilizational history. Throughout this history we were a Hindu Republic and not a monarchy (a possible but weak exception being Asoka’s reign). In this ancient Republican concept, the king did not make policy or proclaim the law.

The intellectually accomplished (but not birth-based or determined) elite in the society, known as Brahmans, framed the laws and state policy, and the king (known as Kshatriya) implemented it. Thus it was ordained.

“I deem that country as the most virtuous land which promotes the healthy and friendly combination of Brahma and Kshattria powers for an integrated upliftment of the society along with the divine powers of the Gods of mundane power of the material resources” (Yajurveda XX-25).

Hence, Hindutva is our innate nature, while Hindustan is our territorial body, but Hindu Rashtra is our republican soul. Hindu panth (religion) is however a theology of faith. Even if an Indian

has a different faith from a Hindu, he or she can still be possessed of Hindutva. Because India was 100 percent Hindu a millennium ago, the only way any significant group could have a different faith in today's India is if they converted from the Hindu faith, or are of those whose ancestors were Hindus. Conversion of faith does not have to imply conversion to another culture or nature. Therefore, Hindutva can remain to be interred in a non-Hindu in India.

Hence, we can say that Hindustan is a country of Hindus and those others whose ancestors were Hindus. Acceptance with pride this reality by non-Hindus is to accept Hindutva. Hindu Rashtra is therefore a republican nation of Hindus and of those of other faiths who have Hindutva in them. This formulation settles the question of identity of the Hindustani or Indian.

Hindutva however has to be inculcated in our people from values and norms that emerge out of the Hindu renaissance, that is, a Hindu theology that is shorn of the accumulated but unacceptable baggage of the past and that co-opts new scientific discoveries and perceptions, and by synergizing with modernity.

This is the only way that Hindustan can become a modern Hindu Raashtra, thus achieving independence after having recovered our freedom (in 1947)—as Parmacharya the Kanchi Pontiff had wanted.

Hindu-ness of outlook on life had been called Hindutva by Swami Vivekananda also, and Hindutva's political perspective was subsequently developed by Veer Savarkar. Deendayal Upadhyaya briefly dealt with the concept of Hindutva when he wrote about in his seminal work, Integral Humanism. The focus of all three profound thinkers is the multidimensional development of the Hindus as individuals harmonizing material needs with spiritual advancement, which needs then have to be aggregated and synchronized to foster a united community on the collective concept of Hindutva.

Deendayal Upadhyaya outlined how to modernize the concepts of Hindutva as follows: Therefore, we still have to discard the status-quo mentality and usher in a new era. Indeed our efforts at reconstruction need not be clouded by prejudice or disregard for all that is inherited from our past. On the other hand, there is no need to cling to past institutions and traditions which have outlived their utility. (Upadhyaya 1965, 16)

Thus, we should invite Muslims and Christians to join us Hindus on the basis of common ancestry, or if they wish, even seek their return to our fold as Hindus, in this grand endeavor as Hindustanis, based on the substance of our shared and common ancestry. This is the essence of renaissance.

Hence, the essentiality of Hinduism, or alternatively the core quality of being a Hindu, which we may call as our Hindu-ness (i.e., Hindutva), is that theologically there is very little danger of Hindutva, or the advocacy of same, of ever degenerating into fundamentalism. We need to do everything possible to eliminate interfaith, especially Hindu-Muslim violence.

In fact, so liberal, sophisticated, and focused on inward evolution is Hindu theology that in a series of Supreme Court judgments, various Constitutional Benches found it hard even to define Hinduism and Hindutva as anything but a way of life, as we discover from a useful review of these judgments by Bal Apte MP.

The identity of Indian is thus Hindustani; a Hindu Rashtra, that is, a republican nation of Hindus and those others (non-Hindus) who proudly acknowledge that their ancestors were Hindus is a

possible solution to Hindu–Muslim animosity. It is this acknowledgement that remains pending today.

Thus the cultural identity of India is undeniably, immutably, and obviously its Hindu–ness, that is Hindutva. A factual Indian history would leave no one in doubt about it. However, in some history textbooks, presently prescribed in our educational institutions, suggest that Indian culture has belonged to those who forcibly occupied India.

This was aptly summarized in the writings of Dr. Ambedkar, and his oration in the Constituent Assembly for a strong united country. In his scholarly paper presented in a 1916 Columbia University seminar, when he was then a mere graduate student studying for a PhD in economics, he stated:

It is the unity of culture that is the basis of homogeneity. Taking this for granted, I venture to say that there is no country that can rival the Indian Peninsula with respect to the unity of its culture. It has not only a geographic unity, but it has over

and above all a deeper and much more fundamental unity °Uthe indubitable cultural unity that covers the land from end to end. (Ambedkar 1917)

Ambedkar wrote in this vein several such brilliant books, but alas, Nehru and his cohorts so thoroughly frustrated him and electorally humiliated him that in the end bitterness drove him to his sad end. We must honor him now as a great Rajrishi and co-opt his writings as part of the Hindutva literature.

By a failure to usher in a renaissance after 1947, India has lost her opportunity to cleanse herself of the accumulated dirt and unwanted baggage of the past. The nation missed a chance to demolish the birth–based caste theory as Ambedkar had wanted to do. The battering that the concept of Hindu unity and Indian identity has taken at the hands of Nehruvian secularists since 1947 has led to the present social malaise. Thus, even though Hindus are above 80 percent of the population in India, they have not been able to understand their roots in, and obligations to, the Hindu society in a pluralistic democracy.

21.4 Conclusion

The main theme in this chapter is that we need a new ideological framework for the theory of economic development that can unite the Indian nation. I believe that if every individual can be motivated by equipping him or her with the fundamental concepts of Hindutva, that requires adherence to the principles enumerated in the nine Postulates, empowered by adequate modern education and inculcation of scientific spirit of inquiry, then it is possible to bring about a national renaissance, and make the Indian people happily strive for global economic power.

Is there a contradiction between Hindutva and modernity? Modernization is the process of modernity. Modernity may be defined as a state of mind or mind–set that entails a receptive attitude to change, transparency, and accountability. The process of reaching that mind–set is modernization.

Hindutva is the quality of being a Hindu, namely the Hinduness of a person. We have already identified beliefs, which include the quality of being receptive to change as the immutable law of change, embedded in the concept of dharmachakra pravartana.

Hindu theology also extols transparency and accountability in the concepts of satyam, shivam, and sundaram, and in the concept of karma, which is nothing but the concept of accountability. The concept of yama and niyama define the code for Hindus, which is an ingredient of Hindutva. One reason why Hindutva is consistent with economic growth is that it does not advocate that everyone should renounce worldly possessions.

Hence, there is no conflict or contradiction between Hindutva and modernization. What needs to be discussed is how to inculcate Hindutva so that we can acquire a modern mind-set, and how the modernization process can be structured so that Hindutva can be imbibed in our nature through our educational and family system.

Modernization is embedded in mind development that takes place because of a growing stock of knowledge. This knowledge has to be pursued with a character that seeks to use knowledge to liberate and empower the human, not to enslave it. Thus religious Hindu faith has helped to develop the character necessary for imbibing knowledge.

In a nutshell then, the Hindutva Principles for Economic Development is founded on the following clear concepts: First is the necessity to harmonize the Hindutva values as enshrined in Sanaatana Dharma with efficient pursuit of material progress. Second, is the ancient non-birth-based decentralization of power embodied in the Varna system. Third, innovation driven economic growth that is nurtured by all five dimensions of Intelligence. Fourth, an overriding national identity that is rooted in the ancient continuing civilizational history. Fifth, the Gandhian concept of trusteeship and philanthropy.

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Chapter 22

Interactions among Social, Political, and Economic Dimensions of Inequalities in India: An Interpretation

Suresh D. Tendulkar*

22.1 Hinduism and Economic Inequality

Economists have long studied income inequality, while Hinduism has long been associated with socio-economic inequalities based on the caste. This chapter considers the interplay of the two in the presence of economic growth and caste-based voting empowering lower castes in democratic India.

Paradoxically, the interaction between social and political forces reflected in “identity politics” (voting according to one’s caste or group identities) seems to be working against growth of a common bond of Indian citizenship. Economic forces unleashed by post-liberalization rapid growth may accentuate eco

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conomic inequalities but, strange though it may sound, may end up promoting the cause of citizenship and egalitarian society.

22.1.1 Inequities in Ancient India

Discussion of Indian inequalities in their social dimension has to start with a structural characterization of the traditional Indian society. The Indian predominantly Hindu society has been rigidly hierarchical, and hence inherently non-egalitarian and unequal. There are deeply ingrained social group identities where identity of an individual with a distinct personality remained secondary.

Village was the basic unit of habitation in which each social group or caste (oftentimes sub-caste) was socially graded in a more-or-less distinct position in a wider social order, indeed with regional variations. Social gradations were maintained over time by a variety of exclusionary practices with respect to interpersonal and social relations and rules regarding ownership and succession of property.

Family was the basic unit of organizing each caste group in which membership was determined by an unchangeable criterion of birth. The social order was reproduced over generations by a

socially enforced elaborate formal structure of inclusion and exclusion with respect to inter-dining and intermarriage, with notions about purity and pollution, and with segregation in access and passage to public places such as temples, roads, and wells and in residential quarters. Each social group usually had an attached specified occupation requiring some rudimentary skills that were passed from one generation to another, with on-the-job training from childhood.

Economy was predominantly agricultural with a rudimentary division of labor involving simple occupational structure and mostly barter forms of economic transactions. With craft-based and mostly manual rudimentary technologies, productivity differences across economic activities were moderate. Consequently, while hierarchical organization ensured unequal social relations, inter- and intra-occupational economic inequalities remained moderate.

Certain social groups were particularly disadvantaged in the traditional Hindu social order. Social exclusion of women was carried possibly much farther in the paternalistic social order than elsewhere. Those at the lowest end of the social hierarchy the 'Dalits' as they prefer to call themselves, or Scheduled Castes in the Indian Constitution were victims of the Hindu obsession with purity and pollution. Dalits were relegated not only to the lowly economic activities, but also socially segregated from the rest of the society and deemed untouchable by the upper castes. They had segregated housing quarters in a village and only restricted access to wells, temples, and roads.

Sociologist Andre Beteille (2010) noted that since the ancient and medieval times, the Hindu society had always been tolerant of diversity, not only in custom and practices, but in ideas, beliefs, and values. Permissible diversity prevailed hierarchically in the sense of not disturbing the principle of social gradation. New subcastes or new outside entrants through trade and commerce were accommodated in the existing hierarchical order by granting them a distinct (graded) position and permitting them to retain their distinctive (collective) identities in a wider, but graded, social order. Dumont's (1970) classic relates the caste system to division of labor.

The social groups of diverse Adivasi or Scheduled Tribes (in the Indian Constitution) stayed isolated in remote and inaccessible forest areas and experienced exploitation by non-tribals in the areas of their habitation or were accommodated hierarchically in the traditional social order at the lower end of the social hierarchy. Interestingly, it has been noted that the basic feature of the Hindu society, namely, hierarchical social gradations as an organizing characteristic, also appeared to have been internalized in different ways in India by the originally egalitarian sects of Islam, Buddhism, Sikhism, Jainism, Christianity, and Judaism.

Thus, the basic defining characteristic of the traditional Indian society has been the rigidly hierarchically graded internal organization. It has been sustained over time by (1) group membership being determined by the immutable criterion of birth, (2) internal group structure being subjected to socially enforced and observed rules of inter-dining and intermarriage along with restrictions on social interactions and access to public places, and (3) craft-based rudimentary occupations being assigned to each group.

In this society, organized around graded collective group identities, individual identity remained secondary, submerged in and inextricably linked to the identity of a group to which a person belonged. It was not that the society remained static in composition, but the new social groups

were usually accommodated by extending or widening the order and categories of gradations in the hierarchical order without changing the basic internal organizational structure. It is this feature that perhaps explains why during the precolonial period, the internal organization of the Hindu society remained successfully resistant to a wide variety of outside rulers, invaders, and emperors who wielded authority to collect rents and taxes but did not enjoy sovereign coercive power (like the modern nation-state) to change the basic social order.

22.1.2 Group identities under Democracy

The authority of this traditional social order started getting corroded very slowly and gradually by increasing trade, commerce, and urbanization, the ubiquitous penetration of markets, and the legal order established by the colonial rulers. While these forces possibly contributed toward increasing inter-group economic inequalities and a mild weakening of unequal social relations, the Indian society retained its social-identity-driven hierarchical character.

On August 15, 1947, India became a sovereign independent nation with universal adult suffrage, implying equality of social status of all citizens, implying individuals as distinct from their caste or community identity. This radically changed the traditional Indian society of colonial subjects with group identities of castes and communities, which had always been treated in common law as well as in custom and practice as unequal in social status since the ancient times. While recovering from the wounds of the turbulent partition of the country into India and Pakistan, communal riots in different parts, and coping with the resettlement of a large influx of refugees from Pakistan, the newly independent nation deliberated about its choices with respect to the character of the future nation-state and polity. The Constituent Assembly, with representatives from the British Provinces and Princely States, debated for three years, and invited representations and suggestions from a large number of community associations and individuals.

22.1.3 Equality through Universal Adult Suffrage

On November 26, 1949, the Constituent Assembly “solemnly resolved to constitute India into a sovereign, secular democratic Republic” with a parliamentary form and universal adult franchise in a largely illiterate society and an underdeveloped economy. Reconciling the basic contradiction between the socially graded group-identity-driven hierarchical and hence unequal social relations in the traditional society and the democratic equality of individual citizens granted in the republican Constitution was a monumental task.

This was noted in the concluding remarks by the chairman of the Drafting Committee of the Constitution, Dr. B. R. Ambedkar, an eminent lawyer coming from the lowest untouchable caste in the Hindu society:

On the 26th January 1950, we are going to enter a life of contradictions. In politics, we will have equality and in social and economic life, we will have inequality. In politics, we will be recognizing the principle of one man one vote and one vote one value. In our social and economic life we shall, by reason of our social and economic structure, continue to deny the principle of one man one value. How long shall we continue to live this life of contradictions? How long shall we continue to deny equality in our social and economic life? If we continue to deny it for long, we do so only by putting our democracy in peril.” [cited in Khilnani (2004, 35)] Interestingly, the language of democratic equality and the

legal empowerment it conferred was internalized in extemporaneous practice in terms of political parity between hitherto socially unequal caste and community groups in political relations rather than equality of individuals as citizens within and across social groups. With this tilt in interpretation, the Constitution had a commanding influence on India's post-Independence political history representing an ideal of legality and procedural conduct, and the Supreme Court as its ultimate interpreter and chief defender "became a central institution in the Indian public life resorted to by rich and poor, literate and illiterate" (Beteille 2010).

In the context of Indian inequalities, apart from the basic tension between the organizing principles in society and polity noted by Ambedkar, the universal equality in citizenship was constitutionally circumscribed by affirmative action in favor of the two historically disadvantaged social groups of Scheduled Castes and Scheduled Tribes at the lowest end of the social hierarchy.

22.2 Equality by Quotas

Explicit numerical quotas had been deployed earlier by the colonial power. These were used again as a policy instrument, thereby injecting the notion of community rights in terms of a prescribed quota in parliamentary and assembly seats and in government jobs, superseding individual equality rights of citizenship.

The architects of the Constitution, being aware and conscious of this contradiction, introduced the exit clause for the quatabased community rights which, they realized, undermined the claims of the individual-focused citizenship deemed critical for inculcating equality in social relations in a group-identity-driven unequal traditional society. Initially, social group identities remained dormant in national politics and operated at the state level in terms of caste and community loyalties at the time of periodical elections. However, over time, especially since the mid-1970's, the quota-based community rights established themselves as the sole instrument of social justice in the public consciousness.

It may be noted that group-identity-based quotas are a negative instrument of affirmative action as it involved imposing entry restrictions in an environment of scarcity and conferred discretionary powers on the executive that are prone to misuse. Positive instruments of affirmative action, on the other hand, aim at enhancing educational and skill endowments among the disadvantaged groups and ensuring equality of opportunity.

Given the continuing strong caste and community loyalties in the Indian society, all the political parties across the ideological spectrums found the community-based quotas to be convenient for yielding quick political dividends. By contrast, other positive instruments of affirmative action (such as enhancing human capital among disadvantaged groups by establishing vocational and professional educational institutions that enable taking advantage of quotas or equal opportunity commissions) required long-term and sustained efforts, even if it would have yielded long-term and indirect political dividends. Universal political support for quotas has solidified since the emergence of multiparty coalition politics first at the state level and later at the national level. This has resulted in perpetuating what was originally introduced as a temporary expedient in the interest of correcting a historical wrong. It has extended the ambit of quota-based community rights to other powerful social groups and minorities so as to corner the consequential benefits.

Constitutionally guaranteed community-based rights and the identity politics they promoted doubtless contributed to politically empowering the hitherto unequal and sometimes disadvantaged social groups in the traditional social order, and compared to the pre-Independence period, helped improve their representation and participation in politics, in government, in civil service, and in the universities.

However, in the virtual absence of positive affirmative action, their improved representation in higher educational institutions has not been matched by improvements in the wide educational base at the lower basic elementary level among the historically disadvantaged castes and communities. Consequently, identity politics has contributed toward reducing inter-social-group economic inequalities but without improving the lot of the economically disadvantaged segments within those communities.

22.2.1 Quotas Strengthening the Caste Identities

There is also no use denying that the caste and community-based quotas resulted in unwittingly strengthening the traditional social identities of castes and communities and undermined the development of individual rights-based citizenship in the Indian society. This has destroyed the egalitarian vision of freedom fighters who had sought to promote equality in social relations in a traditionally unequal society.

Individual-focused citizenship, it may be noted, is not a well-established social construct like caste and community identities, which have been shaped by and remain well-entrenched because of the rigid and socially enforced hierarchical social structure of the traditional Indian society. Social and interpersonal relations are governed by ingrained mental attitudes, mind-set, and cultural norms of thinking and behavior that take a much longer time to change than does enactment of formal rules of political relations. As noted above, even though the formal rules of the political game aimed at promoting citizenship, the persistence of identity politics has ensured that an egalitarian Indian society still remains a distant dream. But will it continue to remain an elusive one? Clearly, we need an effective instrument that recognizes an individual citizen qua individual without reference to his or her social group identity and contributes toward effective emancipation of an individual from traditional caste- or community-based identity.

An important and very powerful instrument is available in the form of economic incentive-driven open competitive markets for goods and services. Competitive markets recognize each economic agent in terms of his or her functional economic endowments, namely, human capital, professional skills and competence, and risk-taking capabilities, without apparent reference to social group identities; these markets have been found to be powerful instruments in promoting rapid economic growth. Srinivasan (2009) is an important work on this topic although the literature is vast.

However, like most instruments in social sciences, it is not an unmixed blessing because it is well-recognized that economic incentives necessarily generate unequal distribution of economic rewards, be they earnings of labor, returns for entrepreneurship, or household incomes. Fortunately, the cause of an inclusive society and socially desirable diffusion of equality in social relations is likely to be promoted by an unlikely instrument of competitive market-driven rapid economic growth based on modern science-based technology.

Modern technology involves a complex and elaborate division of labor, and dictates an equally complex occupational structure in place of the traditional on-the-job-acquired simple craftbased skill endowments of existing social groups in the traditional Indian society. It requires and would absorb individuals with talent, educational qualifications, and pre-job professional, administrative, and managerial skills and would generate avenues for upward economic and geographical mobility mostly, if not wholly, without reference to their social group identities, and would provide a welcome offset to identity-politics.

In the Indian social context, identity-politics has been unwittingly contributing to strengthening rather than weakening traditional social group identities. While helping weaken, if not fully erase, traditional social group identities, economic growth may however widen economic inequalities in society until the development of a wide educational base at the lower level induces demand-driven human capital formation in search of better economic opportunities among presently educationally and economically disadvantaged segments in the society.

22.3 Impact of Economic Growth on Inequalities

At least three questions arise in the context of the suggested instrumental role of economic growth in weakening, if not erasing, social group identities.

One, would the likely consequence of rising economic inequalities lead to rising inequity in economic relations, and hence jeopardize the social objective of an equitable society?

Two, it is argued that rapid economic growth in India has bypassed the socially disadvantaged groups in the Indian society, including the minority Muslim community. If so, is the suggested cure of economic progress not worse than the disease?

Three, social group identities in the traditional Indian society have been so obstinate that improvements in economic conditions do not lead to higher or more dignified social status for the disadvantaged segments of the Indian society. We take up these three questions for discussion.

Do rising economic inequalities contribute to inequity in society? This question has been raised and discussed in detail in another paper (Tendulkar 2010). Very briefly, our answer is that rising economic inequalities during the rapid growth process almost always result in advancing the cause of economic equity. It is useful to start by noting that equitable distribution of economic rewards is not synonymous with equal distribution, and it is reasonable to interpret it in terms of exploring conditions of social acceptability or tolerance of economic inequalities. Four arguments, mostly mutually re-reinforcing in nature, have been offered.

22.3.1 Prominent Economists' Views

One, rapid economic growth at the micro-level is known to result in mobility of individual economic agents along the real incomecum-productivity scale what Kuznets (1963, 1966) termed income mobility. He argued that income mobility during the process of economic growth could be both upward or downward as it resulted from continuing changes in structure of household consumption patterns in response to rising real per capita incomes, uneven impact of technological changes across industries and geographical and rural/urban locations, and

continuing changes in international trade patterns. In the presence of income mobility (which is faster), the higher the rate of growth, the identity of those at any fixed (high or low) levels of income along the Lorenz curve, keeps continually changing so that “rich getting richer and poor poorer” loses its meaning, thereby softening the social impact of rising income inequalities.

Two, economist Scitovsky (1964) emphasized the necessity of economic incentive-generating functional economic inequalities for promoting the economic growth that was instrumental in advancing equity by increasing availability and affordability of urgent necessities of life.

Three, the development economist Hirschman (1973), while drawing on studies from anthropology, sociology, and social psychology, underlined the psychological signaling effect of the upwardly mobile on those left behind in an environment of economic growth, which effect contributed toward increased social tolerance of economic inequalities.

Finally, a question has been raised by critics that widening economic inequalities by fomenting political conflicts would jeopardize the very process of rapid growth. In this context, political scientist Lichbach (1989) surveyed analytical and empirical literature on the relationship between economic inequalities and social conflicts. This brought out the extremely complex and directionally ambiguous nature of this relationship and immense diversity in social responses and outcomes across societies. The finding is not surprising because social conflicts can be caused by factors other than inequalities as much as inequalities can result from causes other than economic growth.

22.4 Economic Reforms and Inequalities

Has the rapid economic growth process in India since the early 1980's bypassed the socially disadvantaged sections of the Indian society? This claim is often heard from the elite intellectuals from the forward community. Evidence from the National Sample Surveys indicates that the prevalence of poverty in terms of proportion of population below the poverty line has been coming down among the Scheduled Castes' and Scheduled Tribes' households in rural India, though the pace of the decline has been slow.

However, in this connection, it may be useful to assess the perceptions of those coming from the disadvantaged sections. For example, the well-known journalist M. J. Akbar (2008) has this to say about the economic reform process:

The post-reform environment has suddenly expanded opportunities. . . . The market has exploded. . . . They (Indian Muslims) have indeed to work harder to remain in the same place. Their big problem is a culture of self-pity fused with politics of patronage in which the demand for handout becomes a principal motivator of their sentiments. . . . With the economy slowly seeping out of the control of governments and private sector bias (in recruitment) unprofitable, a remarkable opportunity has opened up for the Muslims as much as it has for other disadvantaged groups. . . . The greatest enemies of Muslims are poverty, lack of education and gender bias. Muslims now fully understand the vital role of education and the thrust for English and their attendant benefits. But the conservative elements retain their tight clamp on gender bias. Similarly, Babu (2011) himself a Dalit (Scheduled Caste) and

currently fellow at the Rajiv Gandhi Institute of Contemporary Studies, reported about a visit by

a group of Dalit (mostly first generation) entrepreneurs with the Deputy Chairman of the Indian Planning Commission and the establishment of the first Dalit Chamber of Commerce and Industry in Pune with plans to open chapters in other states. He observes:

[T]he development (of the emergence of Dalit entrepreneurship) is nothing short of a minor revolution. That these entrepreneurs are a microscopic minority in a community known for poverty and deprivation cannot diminish its significance. They have proved that India now offers enough opportunities, irrespective of caste and creed, to make it in life with hard work. The Dalit entrepreneurs appear to have understood and grabbed the new opportunities offered by economic reforms since 1991. . . . Too often do policymakers treat capitalism as a system of economics and finance. Too often do they ignore its potential for social transformation. The truth is the tenets of the market and Manu Smriti (the ancient text that permanently condemned the Dalits to the lowest level in the Hindu society) cannot coexist. When the market's influence increased after 1991, the Dalits did not wait for the state to guide them towards entrepreneurship. The Dalit capitalism today is akin to the origins of a mighty river. The spirit of adventure will find its own course, the journey will take a long time and it will be turbulent. What is certain is this: the Dalit capitalist will be an effective catalyst in ending the community's mental bondage that is the belief that they are inferior, their plight is linked to birth and that the government alone can raise them up.

We may add that the above quotes are not meant to

claim that the rapid growth process has already embraced the disadvantaged sections of the Indian society, but to argue that the capitalist system is socially nondiscriminatory. The inability of major segments to avail themselves of its benefits is not because of their socially disadvantaged position, but because of the absence of requisite skill and education endowments, and that these communities have realized the importance of professional education and English.

22.5 Survey Results and a Final Question Mark

Consider the following key question: Do economic improvements among the disadvantaged segments result in advancement in their social position? Kapur et al. (2010) report a unique survey of all Dalit households (19,000 in all) in a village each from the Azamgarh block (in a remote and economically backward Eastern Uttar Pradesh) and the Bulandshahar block (in a more prosperous Western Uttar Pradesh). The survey was designed and implemented by members of the Dalit community to capture the changes in their living conditions, along with the caste markers, behaviors, and social practices and conditions important to them that are not featured in the usual household surveys.

The findings indicate not only self-perceived improvements in material conditions (relatively more widespread in the prosperous Western than in the Eastern block), but more important, their consumption patterns signaled markers of higher social status. Social norms of accepted behaviors between castes have improved with a greater erosion of the discriminatory practices that stigmatized the Dalits. There are large shifts in the pattern of economic life both away from and within the selected villages. The authors rightly admit the localized nature of their findings, caution against over-interpretation, and emphasize that “during this (post 1991 reform) period, as per their own self-assessment, the social well-being of large numbers of Dalits advanced even faster than their material well-being” (Kapur et al. 2010, 49). The findings do not rule out the

possibility that the material well-being of the forward castes might have improved faster than that of the Dalits during the same period. But they do bring out the social transformation potential of rapid economic growth perceived by the Dalits themselves.

Our brief conclusion is that the tortuous path of creating an inclusive society in India based on equality in social relations and individual capabilities irrespective of their social group identities is going to be determined by the precarious balance between forces of identity politics and those of rapid economic growth, with a question mark remaining regarding the resulting degrees of economic inequalities.

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Chapter 23

Hindu Law and Evolution of Womens' Property Rights

Chinmay M. Vaidya¹

23.1 Introduction to Hindu Law regarding Property Ownership

Unbeknownst to most outsiders, regarding property and marriage matters, Hindus, Sikhs, Jains and Buddhists are subject to Hindu Law, whereas Parsis, Christians and Muslims have their own separate personal laws outside the scope of this chapter. Since it is impossible to review the Hindu Law in few pages, we merely refer the reader to some books on the subject. The focus of this chapter is on only one aspect of Hindu law dealing with women's property rights, since it may of wider interest than entire Hindu law. Again, our discussion must be brief, since it is impossible to go deeply into the huge expanse of thought and writings which constitute reference material for a detailed history.

Hindu Law is basically a customary law rooted in usage, and its force and powers did not flow from any sovereign authorities such as kings or legislative bodies, till in the very recent past. One of the unique features of Hindu tradition is joint family system. The details of various concepts and precepts of Hindu

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Law have evolved over the centuries. The geographical expanse of the Indian sub-continent is vast, and historically was divided into numerous kingdoms, and as such the actual customs, usages and practices do differ to a certain extent from region to region.

The term 'Hindu' is an elastic term, and while defining a Hindu, the Supreme Court of India², has observed that the word Hindu is derived from the word Sindhu, otherwise known as the Indus river, which flows from the Punjab. The Persians pronounced this word as Hindu, and named the Aryans residing in the Indus belt as Hindus, and the nomenclature was carried forward by subsequent western invaders.

The Supreme Court has further observed that it is difficult if not impossible to define the Hindu religion or to even adequately describe it. It observes that the Hindu religion does not claim any prophet, it does not worship one God, it does not subscribe to any one dogma, it does not believe in any one philosophical concept; it does not follow any one set of religious rites or performance; in fact it does not appear to satisfy the narrow traditional features of any religion or creed. It may be broadly described as a way of life and nothing more. The Supreme Court further observes that from time to time, saints and religious reformers have attempted to remove from Hindu thoughts and practices the elements of corruption and superstition, and that has led to the formation of various sects and sub-sects.

Thus, Buddhism is based on the precepts of Buddha, Jainism on the precepts of Mahavir, the Lingayat sect on the teachings of Basavacharya, the Warkari sect on the teachings of

Dnyaneshwar and Tukaram, Sikhism on the teachings of Guru Nanak, the Arya Samaj on the thoughts of Dayananda Saraswati, the Bhakti Margis of Chaitanya Prabhu, and as a result of the teachings of Ramakrishna and Vivekananda, the Hindu religion has flowered into its most attractive, progressive and dynamic form.

The ‘Shruti’ or that which has been heard, is in theory the primary and paramount source of Hindu Law and is believed to be the language of divine revelation. ‘Shruti’ constitutes the four

²Yagnapurushdasji Vs. Vaishya AIR 1966 SC 1119.

Vedas, namely, the Rig, the Yajus, the Sama, and the Atharva, though they have little or no legal value. They contain no direct statement of law, but are principles of Dharma in the wider sense. But as far as Hindu Civil Law or ‘Vyavahara’ is concerned, its sources are the ‘Smritis’ customs, king’s ordinances, equity and reason.

The ancient customs and usages of Hindu Law, over a period of centuries, came to be gradually recorded in the form of ancient ‘Smritis’, i.e, memoirs and commentaries of the learned sages and pandits. Rules, as distinct from instances of conduct, are for the first time, embodied in the ‘Smritis’. The Smriti of Yadnyavalkya gives a list of 20 sages as lawgivers, these being “Manu, Atri, Vishnu, Harita, Yadnyavalkya, Usanas, Angiras, Yama, Apastambha, Samvarta, Katyayana, Brihaspati, Parasara, Vyasa, Sankha, Likhita, Daksha, Gautama, Satatapa, and Vasishtha. These ‘Smritis’ formed part of the prescribed courses of studies for the Brahmins and the Kshatriyas [Warrior Castes] as well as for the rulers of the country.³

The principal ‘Smritis’ which are relied upon as a source of interpretation of customary Hindu Law are those written by Manu, Baudhayana, Vasishtha, Yadnyavalkya and Narada, and are referred to as the Manu Smriti, the Yadyavalkya Smriti, the Narada Smriti etc. respectively. The age of the Manu Smriti is placed by various historians as not earlier than 200 B.C., the Yadnyavalkya Smriti to the First Century A. D., the Narada Smriti to between 100 A. D. to 300 A.D. The various ‘Smritis’ are historically placed between 600 B.C. to 300 A.D., though there is no clear consensus as to the age of each.

These sages have created a very detailed and precise record of their observations of the prevalent customary law and its usage and practice, while also offering their comments, suggestions and possible improvements. The ‘Smritis’, and specifically Manu, have referred to eighteen broad categories or titles of law, each containing detailed rules. They are [1] recovery of debt, [2] deposits, [3] sale without ownership, [4] concerns amongst

³Manu VII; Yadnya. I, 3.

partners [5] resumption of gifts, [6] non-payment of wages, [7] non-performance of agreements, [8] rescission of sale and purchase, [9] disputes between masters and servants, [10] disputes regarding boundaries, [11] assault, [12] defamation [13] theft, [14] robbery and violence, [15] adultery, [16] duties of man and wife, [17] partition and inheritance, and [18] gambling and betting.

Over a period of time, the ‘Smritis’ came to be revered and respected by the law-givers as well as society at large, and were referred to and relied upon by the prevailing dispute resolution and

justice systems. They attained the status of 'Dharma Shastras', i.e. the laws and precepts of 'Dharma', a word of the widest import and not easily translatable, and which includes religious, moral, social and legal duties, or in its most simplistic form, 'the true way of life'.

The principal 'Smritis' themselves were further interpreted and commented upon over the course of time by numerous pandits, rulers, religious leaders, and other learned personalities, as per subsequent changes in customs and usage, territories, and finally, two distinct legal schools of thought have evolved. The majority of the sub-continent has relied upon the "Mitakshara" of Vidnyaneshwar, a late 11th century treatise, while the eastern and north-eastern regions comprising of the territories of the present states of Assam, Bengal, Meghalaya, Arunachal Pradesh etc., have relied upon the 'Dayabhaga' of Jimutavahana. Both these commentaries have relied upon the Yadnyavalkya Smriti, though all other 'Smritis' of import have also been dealt with at great length. Vidnyaneshwara wrote the famous Mitakshara, a treatise on the Yadnyavalkya Smriti under the auspices of King Vikramaditya of Kalyan in erstwhile southern State of Hyderabad, and it soon became a standard work at an early date in the entire Deccan Plateau, the Gangetic Plains, as well as a major part of the Northern Territories.

Obviously, the 'Smritis' themselves being commentaries, various learned pandits and sages from different parts of the subcontinent have opined and differed in their interpretations and views, and several conflicting stands are taken on various issues. The 'Dayabhaga' recognizes individual ownership of property to a greater extent, whereas the 'Mitakshara' places greater faith in the joint or family ownership of property while interpreting the 'Smritis'. Numerous other smaller schools of thought and doctrine, such as the Konkan, Mithila, Mayukha, Benares, Dravidian, etc. also evolved over time, though their areas of influence remained small in comparison to the Mitakshara.

Even under Mohammadan Law as enforced by the subsequent Mughal rulers, while Hindu Criminal Law ceased to be in use, the Hindu Civil Law continued to be in force amongst the Hindus and the policy which was followed by the Muhammadan rulers was pursued even after the advent of the British.⁴

The Hindu Co-Parcenary System of ownership of property is commented upon in great detail by Yadnyavalkya and is further expounded by Vidnyaneshwara in the Mitakshara. The Co-Parcenary was accepted and implemented over a substantial part of the sub-continent, other than certain pockets where the Dayabhaga or the other smaller schools of thought prevailed. In various territories, the local commentary is to be read in supplement to the Mitakshara.

The Hindu Co-Parcenary, which can loosely be termed as the Joint Hindu Family or the Hindu Undivided Family was the principal economic unit. The common custom was for a large family comprising of its patriarch and various lineal descendants, together with their wives and children, widows and other dependents, to reside together, joint in house, kitchen and property. The entire property of the undivided family was owned by the 'co-parcenary' or the joint family. Each male constituent of the family up to the forth lineal descendant from the patriarch or 'the Karta', was a co-owner, while female constituents had no rights of ownership. The rights of women were restricted to appropriate maintenance as per prevailing standard of living and status of the family, and such right constituted a charge on the entire property. The birth and death of each male co-parcenor

⁴Mayne's Hindu Law, 12th Edition, Chapter 1.

led to a corresponding change in the quantum of the share of each individual male member of the joint family. Thus, a death lead to an increase, while a birth lead to a corresponding decrease in each individual share.

The supreme head and leader of the co-parcenary was the patriarch 'Karta' or 'Grihapati', usually the senior most active male in the family. The rules of primogeniture applied while considering succession to the position. For all purposes, he was the final authority and decision maker for the co-parcenary and his word was the law. Any decision taken by him, be it in the nature of a religious, economic or family issue, bound the constituents of the entire joint family.

23.2 Women's Property Under the Hindu Coparcenary System

The rights of women to property under Hindu law were defined and laid down by the lawgivers with the intention of preventing fragmentation of the family property. A daughter was expected to marry into a family of equals, and it was the Karta's duty to ensure a proper match. At the time of marriage, a substantial amount was bestowed on her as 'Stridhan' i.e. a woman's wealth, and the same was her absolute property to be used by her as per her own desire. The amount was usually sufficient to ensure that she would be in a position to maintain her status and accustomed lifestyle in her entire lifetime. Landed property could also constitute 'Stridhan' with attendant rights. A woman's right to succession, both to her father's property and to her husband's, came into force in the absence of a male heir and successor. As a sole heir, her rights were unfettered.

A distinction is made in Hindu Jurisprudence as to individual property and the joint family property of a Hindu male. Consequently, a woman's right to property under the co-parcenary system was restricted in nature. The distinctive feature of the estate is that, at her death, it reverts to the heirs of the last male owner. She never becomes a fresh stock of descent⁵. Restriction was the rule, and absolute power of disposal of the property was an exception⁶.

In case of property acquired under succession, "The sages declare that the transactions of a woman have no validity, especially the gift, hypothecation or sale of a house or field; such transactions are valid when they are sanctioned by the husband; or on failure of the husband, by the son; or on failure of the husband and the son, by the king"⁷.

The Bombay School has taken a slightly different interpretation, by classifying female heirs into two classes on the basis of their "Gotras", i.e. membership of a clan named after the sage under whom unbroken male lineal descendancy is claimed. A woman by marriage assumes the 'Gotra' of her husband. Thus, the widow, the mother, paternal grandmother and great grandmother and the like who remain part of the same 'gotra' in their life times, take only a limited estate, while heirs such as the daughter, the son's daughter, the daughter's daughter, the sister, or their descendants, who shall enter a different gotra as a reason of marriage i.e., the 'gotra' of their husband, will take the estate as absolute owner in the form of 'stridhana' i.e. the absolute wealth and property of the 'stri' i.e. woman⁸. The second class usually had a claim only in case of failure of the male line of succession, and hence the practical rule of absolute vesting of the property in the female heir in the second class.

The rights and nature of the estate of women in the Joint Hindu Family were thus ambiguous. She had a well recognized right of maintenance to the property of her husband, as well as the property of the co-parcenary in her life time, and the quantum of maintenance to which she was entitled was dependant on the status and lifestyle of the family. She also had a right of succession to the independent estate of her husband, though

⁵ Kery Kolutany Vs. Moneeram (1875) 13 BLR 5, 53, 76.

⁶Manu VIII, 416; Smritichandrika XI, 1, 35-39.

⁷Vivada Chintamani, 292; Narada, 1,2,26-27.

⁸Bhaskar V Mahadeo (1869) 6 Bom H C (OCJ) 1; Dewcoourbai's case (1Bom HC 130) decided on the Equity Side by the Supreme Court in 1859.

the right as stated above was curtailed. The rights of the female holder, within the limitations imposed upon her for the enjoyment of her property were absolute, and she was accountable to no one.

The Privy Council of the Viceroy of India, as well as the High Courts of Judicature established by Royal Charter in the Presidency Towns of Calcutta, Bombay, Madras and Delhi, have interpreted the provisions of Hindu Law pertaining to women's right to property in great detail in a catena of judgments. Such judgments are all based on the prevailing Hindu Law and its interpretation on the texts and commentaries. Due importance is also sought to be given to the customs and usages of various sects and sub-sects.

The Privy Council, in Janaki Ammal V. Narayanswamy⁹, has observed: "Her right is of the nature of a right of property; her position is that of owner: her powers in that character are however limited." Thereafter, the Privy Council has more fully stated in Moniram Kolita Vs Kerry Kolutany¹⁰: "The whole estate is for the time vested in her absolutely for some purposes, though in some respects for only a qualified interest. Her estate is an anomalous one, and has been compared to that of a tenant-in-tail. It would perhaps be more correct to say that she holds an estate of inheritance to herself and the heirs of her husband. The succession does not open to the heirs of her husband until the termination of the widow's estate. Upon the termination of the estate, the property descends to those who would have been the heirs of the husband if he had lived up to and died at the moment of her death".

In a very early decision, the High Court of Judicature of Bombay has held¹¹ that a woman is in no sense a trustee for those who may come after her. She is not bound to save the income nor to invest the principal. If she chooses to invest it, she is not bound to prefer one form of investment to another as being more likely to protect the interests of the reversioners. She is forbidden to commit waste, or to endanger the property in her possession, but short of that she may spend the income and manage the principal as she thinks proper.

⁹ (1916) 43 IA 207, 209; Vasonji Vs. Chanda Bibi (1915) 37 All ¹⁰(1880) 7 IA 115, 154.

¹¹Biswanath Vs. Khantomani (1870) 6 BLR 747.

None of the restrictions discussed in connection with a widow's estate apply to property which has passed to a female, not as heir, but by deed or other arrangement which expressly or implicitly empowers her to appropriate the profits. The savings of such property, and everything

which is purchased out of such savings, belong absolutely to herself. They may be disposed of by herself at her pleasure, and, at her death, they pass to her representatives, and not to the heirs of the last male¹².

The above legal precedents reflect the general rights of women to property under Hindu Law till subsequent legislation has enlarged and confirmed the absolute right to property in the present age.

23.3 British Rule and the Advent of Legislation

The First War of Independence of 1857 or the Great Indian Mutiny of 1857, as the British preferred to refer to it, brought about the end of the rule of the East India Company. The British Sovereign declared its territories in the entire Indian sub-continent as well as present day Burma as a Dominion of the British Empire. The British Parliament assumed the powers to legislate for the entire dominion. At about the same time, the Suffrage Movement had gathered great momentum in the United Kingdom, and woman's rights had started assuming certain significance. Around 1857 the British rule brought about a much higher degree to interaction and communication between the various princely states. The Presidency Towns became cosmopolitan centers where there was a substantial intermingling of the various religions, castes and sub-castes of the country. Inter racial and inter caste marriages started happening with higher frequency, leading to a question of the status of the Joint Hindu Family property.

¹²Bhagbutti Vs. Chowdhry Bholanath (1875) 2 IA 256.

Hindu Law laid down that a person converting to another religion accepted civil death, and consequent forfeiture of his rights in the joint family property. The Caste Disabilities Removal Act of 1850 and the Special Marriage Act of 1872 were enacted to address the specific issue, specifying that on conversion, or marriage outside the religion, the male's share would be defined and partitioned. This had a direct effect on a woman's right in the joint property of her husband's family, since she had no rights independent of her husband.

The Hindu Widow's Remarriage Act of 1856 is an enabling Act which was passed to give effect the views of a reforming section of Hindus, according to whom re-marriage of widows was not against the precepts of the Hindu religion. The Act legalized the re-marriage of Hindu widows, but on such remarriage cuts off her rights in the properties of her deceased husband and the members of his family. The Act however, had no effect on the property belonging to the widow absolutely, such as lands settled on her absolutely in lieu of her claim for maintenance¹³

The most radical departure from the established Hindu Law to be brought about by legislation, and which was the first step in the disintegration of the Hindu Co-parcenary, was the Hindu Women's Rights to Property Act, 1937. The Act was passed to amend the Hindu Law of all the schools so as to materially confer greater rights on women than they had as per customary law and usage. Section 3 of the said Act made a specific provision whereby the widow or all the widows, would be entitled to in respect of property in respect of which a male Hindu dies intestate, i.e. without a will, to the same share as a son. The same right was granted to the widow of a pre-deceased son or son's son. The Act of 1937 was not applicable to agricultural lands.

The stated object of the Hindu Women's Rights to Property Act, 1937, as specified in its

preamble, was to amend the

¹³Arunachalam v Seshiah (1938) 2 MLJ 701.

Hindu Law to give better rights to women in respect of property. Though the avowed object appeared to be prima facie simple, the consequences were far reaching, unpredicted and lead to an upheaval in the rules of succession.

S. 3[1] of the Act governed women's succession in the Dayabhaga School. S. 3[2] of the Act of 1937 which was applicable to a major portion of the country, lays down as under: "When a Hindu governed by any school of law other than the Dayabhaga school or customary law dies having at the time of his death an interest in a Hindu joint family property, his widow shall, subject to the provisions of sub-section (3)," ¹⁴ have in the property the same interest as he himself had. The Act of 1937 also granted a right to the widow to claim partition of the entire estate so as to get her own share, equal to that of a son, separated from the co-parcenary property. Thus, the first step on the road to the disintegration of the co-parcenary property was taken, unintentionally or otherwise.

The Act of 1937, while formally recognizing the rights of the widow for all schools, whether governed by the Mitakshara or the Dayabhaga or under any other school of Hindu Law, recognized only a restricted estate. S. 4 specified that any rights devolving on a Hindu widow under the provisions of the said legislation shall be the limited interest known as a Hindu Woman's Estate, provided however that she shall have the same right to claiming partition as a male owner. The Act of 1937 in fact created questions of even greater complexity as regards the actual nature of her title to her property and the reversion of her interest to the male heirs of her husband on her death.

The immediate consequence of S. 3(2) of the said Act was that in a Mitakshara undivided family, the widow of a deceased coparcener will have in the joint family property 'the same interest as he himself had'. The immediate consequence of the said provision was that the rule of survivorship, the very base hypotheses of the system of the co-parcenary, was impinged upon. The property which came to the share of the widow was no more available

¹⁴The said provision refers to the Hindu Woman's Estate.

as the property of the co-parcenary, carried forward as a whole by the rule of survivorship. With each death of a coparcener, a portion of the property was withdrawn from the common pool, thus defeating the root purpose of the co-parcenary system of ownership of keeping the property intact and whole irrespective of births and deaths in the family. The Act has taken away the rule of survivorship and allowed the property to descend to his wife. Once the rule of survivorship no longer operates, there is nothing to preclude a creditor from attaching the property. ¹⁵ Once a creditor could attach a portion of the co-parcenary property, in effect the whole was attached considering the very nature of coparcenary ownership. A forced partition could be brought about at the behest of third parties. However, the rule of survivorship was not completely abrogated, since the said rule continued to apply to succession to the property which remained within the co-parcenary.

The Act of 1937, though granting an equal share to the widow in the joint family property, did

not treat her as a coparcener. Her interest, as stated above, was that of a Hindu Woman's Estate. Her interest upon her death would go to her husband's legal heirs, who are not necessarily coparceners, but are his male legal heirs. In the absence of any male legal heirs, it will go to his daughters or other specified legal heirs. The immediate and obvious legal consequence was the beginning of the fragmentation of the co-parcenary property.

Thus, though the joint Hindu Family and the co-parcenary and the rule of survivorship continued its existence, the question as to ownership of specific property started becoming more and more complex. The courts of law were swamped with a huge volume of litigation regarding issues such as the actual shares of various coparceners due to death of predecessors in interest which were earlier equal, availability of the property in the hands of the widow to satisfy the personal debts of the husband, the legal status of the property reverting to the legal heirs where it had been dealt with as the absolute by the widow or other

¹⁵Saradambal v Subbarama Aiyar Indian Law Reports (1942) Mad 630.
subsequent legal heirs, etc.

An example of the above complexities is found in the following rulings of the various High Courts of Judicature and their respective benches. The language of the section is comprehensive, and applies both to cases where her husband and his sons alone form a coparcenary and to cases where a coparcener in a joint family dies leaving either his widow and male issue or his widow only. As under sub-sec (3), the interest devolving on her is a Hindu Woman's Estate, she cannot even in the case of Mitakshara family, be treated as a coparcener in the strictest sense along with her sons and the other coparceners though she is undoubtedly a member of the joint family with certain special statutory rights.¹⁶

“When a widow succeeds to her deceased husband's estate in a joint family, she takes it only by inheritance and not by survivorship.”¹⁷

“Though she were assumed to be a coparcener in the Mitakshara sense, the working of the Act would be easier, the circumstance that she will hold her interest in quasi-severality does not materially alter the position of the joint family in other respects. As a Dayabhaga family, the Karta or managing members will have all the usual powers of management till partition. So long as such partition has not been made, the status of the joint Hindu family continues, and the widow is capable of being represented in business transactions and in suits by the Karta of the family.”¹⁸

The rights of maintenance of the widows mentioned in the Act are not expressly abolished; but it is obvious that as the Act confers upon the widow rights of succession in respect of all the husband's property, the right of maintenance allowed to her under ordinary Hindu law would no longer be available; for Hindu law allows them maintenance only because of their

¹⁶ Commissioner of Income Tax, Madras, v Lakshamanan Chettiar Indian Law Reports (1941) Madras 104.

¹⁷ Katama Nachiar v Rajah of Shivganga (1863) 9 Moore's Indian Appeals 539, 543, 611; Jadaobai v Puranmal Indian Law Reports (1944) Nagpur 832.

¹⁸ Kallian Rai v Kashi Nath Indian Law Reports (1943) Allahabad 307.

exclusion from inheritance and from a share on partition¹⁹.

Thus, the Act of 1937, though enacted in order to confer specific rights on women to a share in their husband's property, did in effect lead to numerous controversies and legal conflicts, without in any manner clarifying their actual rights over and above those granted under the existing Hindu Law.

23.4 Post Independence Legislative Initiatives

The Indian Struggle for Independence had started in earnest in the first half of the 20th century, with various social reformers at its forefront. A vociferous demand was being made for a common Hindu Code, which would bring about a common personal law governing all Hindus in the country. Substantial preliminary work was also carried out by the legislature. However, no further legislation affecting women's right to property was enacted in the last stages of the British Rule.

India achieved independence in the year 1947, and one of the first legislations to be discussed at length by the constituent assembly and the subsequently elected members of parliament was the Common Hindu Code. However, considering the potential political implications, the legislators thought it prudent to introduce a common Hindu Code in the form of several separate enactments, amongst others, the Hindu Succession Act, 1956. At about the same time, the Parliament passed the Hindu Marriage Act, 1955, the Hindu Adoptions and Maintenance Act, 1956, and the Hindu Minority and Guardianship Act, 1956, as part of the extended process of codification of Hindu Law. The underlying intention was to bring about a common law for all Hindus irrespective of the various schools, castes, sects and subsects, including Buddhists, Sikhs, or Jains.

The preamble to the Hindu Succession Act, 1956, states that it is an Act to amend and codify the law relating the intestate succession among Hindus, i.e., Hindus dying without leaving a

¹⁹(1948) 23 Lucknow 277

will or such other testamentary document. The laws of testate succession i.e., those governing succession pursuant to any last will or like testamentary document, were already set out in the Indian Succession Act, 1925.

S. 4 (1) (a) of the Hindu Succession Act, 1956, lays down that any text, rule or interpretation of Hindu Law or any custom or usage as part of that in law in force immediately before the commencement of this Act shall cease to have effect with respect to any matter for which provision is made in this Act.

S. 4 (1) (b) lays down that any other law in force immediately before the commencement of this Act shall cease to apply to Hindus in so far as it is inconsistent with any of the provisions contained in this Act. Thus, all prior customs, usages, as well as legislation, were overridden by the provisions of the said Act.

Though the Act of 1956 codifies the existing Hindu Law, it radically differs from customary Hindu law as regards women's rights to ownership of property. The intention behind the

legislation is to bring men and women on par in re ownership of all property. The intention is in consonance with the Constitution of India, which grants such parity as an absolute fundamental right of each individual, and no discrimination inter alia on the grounds of gender is permitted.

S. 6 of the said Act laid down the rule regarding devolution of interest in coparcenary property. The said provision provides that the interest of a male having an interest in a joint co-parcenary property shall devolve by the rules of survivorship only when he does not leave behind him a mother, wife or daughter, in which case, the provisions of the Act governing rules of succession shall be followed. S. 8 deals with the general rules of succession in the case of males. The Schedule to the said Act lays down the priority in which heirs shall take the property of the deceased, and the mother, wife and widow are designated as Class I legal heirs who shall have foremost priority along with any sons of the deceased person.

In effect, the rules of succession as specified in the Act would prevail over traditional Hindu Law in every instance where a male holding as a coparcener passed away while his mother or wife were alive or if he had a daughter. Thus, for the first time in Hindu history, mothers, wives and daughters were treated on par in law with males, as regards succession to property. The said provision of law has had far reaching consequences.

One of the most important provisions in the said Act of 1956 is S. 14, which lays down that the property of a female Hindu is to be her absolute property. The object of the section was to firstly remove any disability of the female to acquire and hold property as an absolute owner and secondly to convert any estate already held by her as a limited owner into an absolute estate.

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The said section states that any property possessed by a female Hindu, whether acquired before or after the commencement of the said Act, shall be held by her as full owner thereof, and not as a limited owner. The provision applies to both, movable as well as immovable property, and clarifies that the acquisition of the property could have been by any mode whatsoever. The enactment thus completely repealed the long standing concept of a Hindu Woman's Estate, and women were finally entitled to legally deal with their own property as the absolute owners of the same. The only restriction was that a female heir could not seek partition of a dwelling house of a male intestate when other members of his family were residing in the same.

About 60 years after the Hindu Succession Act of 1956 was brought into force, and the subsequent passing away of two generations, the co-parcenary system of ownership based on the rules of survivorship is now on the verge of extinction, being subjected to repeated fragmentation and notional partition with each death of a male coparcener. Thus, while a substantial portion of the property in India does remain joint and in common, an almost equal portion of the immovable property in India now vests in women as a direct consequence of the said enactment.

The Hindu Succession Act, 1956, though, did not bring about complete parity and equality between the genders, since women

²⁰Mayne's Treatise on Hindu Law and Usage Twelfth Edition [1986] at page 955.

were not coparceners by the fact of birth, as in the case of males. The legislatures of various states in India, namely those of the southern states of Andhra Pradesh, Tamil Nadu, Maharashtra,

and Karnataka, decided to implement the Constitutional mandate as enshrined in Article 14, Equality before the Law, and Article 15, Prohibition of discrimination on the grounds of religion, race, caste, sex or place of birth. Thus, various Hindu Succession Amendment Acts were enacted by the respective state legislatures, namely, by Andhra Pradesh in 1986, Tamil Nadu in 1990, and Maharashtra and Karnataka in 1994. The amendments have introduced three new sections, S.29 A, 29 B and 29 C, to the Hindu Succession Act, 1956.

The above state amendments have sought to remove gender inequality and therefore do provide that the daughter of a coparcener shall by birth become a coparcener in her own right in the same manner as a son, and have the same rights in the coparcenary property as she would have had if she had been a son, inclusive of the right to claim by survivorship; and shall be subject to the same liabilities and disabilities in respect thereto as a son. The amendments further provide that at a partition in a joint Mitakshara Hindu Family, the coparcenary property shall be so divided as to allot to a daughter the same share as is allottable to a son.

A source of severe disappointment was that the said amending Acts set a cut off date, and discriminated against married and unmarried women. For example, in the State of Maharashtra, the rights of a coparcener were not granted to women who were married before 22-6-1994. The logic behind the discrimination is still not clear, the only possible justification being avoidance of any challenge on the grounds of retrospective legislation, which is also not a convincing argument. However, all the states in the country did not adopt or implement the said amendments, and as such, the central Parliament [Lok-Sabha] decided to further amend the Hindu Succession Act of 1956, to bring about uniformity in the laws of succession in the entire country.

Accordingly, S. 6 of the Act of 1956 was amended by the

Accordingly, S. 6 of the Act of 1956 was amended by the 9-2005. The said amendment deletes the earlier S. 6 infra of the Act of 1956, and in its place substitutes a new S. 6 on lines similar to those of the Amendment Acts of the various states as discussed above. Thus, the amendment carried out by the Parliament also provides that the daughter of a coparcener governed by Mitakshara Law shall by birth become a coparcener in her own right in the same manner as a son, and have the same rights in the coparcenary property as she would have had if she had been a son, inclusive of the right to claim by survivorship; and shall be subject to the same liabilities and disabilities in respect thereto as a son.

The most prominent difference in the state amendments and the central amendment is that the latter does not specify a cut off date as the former do. Further, there is no discrimination between married and unmarried daughters. However, in order to protect transactions prior to the amendment, it is clarified that nothing in the provision shall affect or invalidate any disposition or alienation including any partition or testamentary disposition of property which had taken place before the 20th day of December 2004.

The immediate effect of the amendment of S. 6 is that each and every woman by birth shall have an equal claim to all the property of her father and in his coparcenary, which property property of her father and in his coparcenary, which property 9-2004, thus bringing her on par with any other male in the coparcenary. A glaring defect is that the amendment is not applicable to Hindus

governed by the Dayabhaga School or other schools of law. Again, the intention in excluding them remains unfathomable. An unwanted side effect of the amendment to S. 6 is the sudden spurt in litigation initiated by female plaintiffs demanding partition of their share in coparcenary property. The process of interpretation by the Indian Judiciary, of the finer points of the amendments has but barely commenced, though there seems to be no scope for abrogation of the rights of women to property in India.

Thus, in summation, women's rights to property in India have radically evolved in the past century, from being a mere right of maintenance and a limited estate, to that of absolute and equal ownership, with all attendant rights and obligations, as that of a male. Consequently though, the economic unit of the coparcenary has gradually eroded and in the near future, shall vanish into the mists of history. The rights of the individual have triumphed over those of the collective, bringing an end to a unique system of joint ownership of property which had stood strong for over two and a half thousand years.

Disclaimer

The scope of this article is too brief to go deeply into the huge expanse of thought and writings which constitute reference material for a detailed history of the Hindu Law, especially the Principles of Ownership of Property by Women. The observations herein are generalized and usually refer to the Mitakshara School of Hindu Law.

As a practicing attorney, I wish to make following disclaimers. This short note does not amount to any expression of any legal opinion and is not to be construed or relied upon as such. The present rights of women as applicable in various situations and state of facts, under and consequent to the various State Amendments, and the Amendment of 2005 to the Hindu Succession Act, 1956, are still to be addressed and interpreted in depth by the Supreme Court of India.

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