

Integrating the Eternal Yogic Principles of the Bhagavad Gita into Modern Financial Literacy and Behavioural Finance for Sustainable Financial Planning

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Abstract: *Reckoning human disposition is crucial for understanding not only the “how” of wealth, but also the “why” i.e. the psychological disposition required for sustainable personal finance. The study attempts to bridge this behavioural gap by proposing a comprehensive universal structure for re-evaluating financial literacy in the context of the timeless philosophy of the Bhagavad Gita merged with the contemporary behavioural finance principles advocated by Kahneman. It attempts to chart the Vedic Tri-Yoga structure (Jnana, Bhakti and Karma Yog, especially Nishkama Karma Yog) to the cognitive, affective and conative spheres of financial competency. The fundamental aspect being comprehending the investor personalities on the basis of the Guna Theory – the Sattvic (logical), Rajasic (imprudent), and Tamasic (reckless) profiles by aligning them to the Purusharthas i.e. the four goals of human life (financial goals in personal finance) for achieving rational and ethical financial decision making. Thus the study recommends a “Gita-enthused” methodology for lasting emotional resilience, ethical wealth accumulation and financial freedom (moksha), offering a road-map for financial educators, advisors, and policymakers for promoting a steady global economy.*

Keywords: Financial Literacy, Personal Financial Planning, Behavioural Finance, Bhagavad Gita, Kahneman

I. INTRODUCTION

“Knowing yourself is the beginning of all wisdom” – Aristotle

The aforesaid statement refers to the core of the Bhagavad Gita in pursuit of the ultimate goal of Moksha. In the current global financial landscape, it implies knowing the behavioural biases affecting the ultimate goal of financial freedom, in addition to financial knowledge. This becomes imperative against the backdrop of global uncertainties, speculative bubbles, predacious lending, scams, etc., which signify that the technical and mathematical expertise alone is not a sufficient defense against unfounded market behaviours. This paper postulates that a practical solution to this predicament can be set up by integrating the contemporary Behavioural Finance principles propounded by Daniel Kahneman, with the Vedic discernment of the Bhagavad Gita, whose psychological underpinnings of the human nature offer an eternal outline for what this research terms “Sattvic Financial Literacy”, to overcome the “Vedic frustration” arising out of the Tamasic psychological dispositions.

This reconceptualised financial literacy embraces within its fold the three gunas and the three yogas - Jnana (Knowledge), Karma (Action), and Bhakti (Affect/Devotion) as financial proficiencies, required to attain the financial goals i.e. the four Purusharthas, through Artha (wealth creation and accumulation) through Dharma (morality), applied to the fulfilment of the Kama (desires) by overcoming the Tamasic and Rajasic gunas – the biases, to attain Moksha – financial freedom.



II. PROBLEM STATEMENT

The renowned philosopher Plato has rightly observed that “Human behaviour flows from three main sources: desire, emotion, and knowledge.” As John Maynard Keynes noted, economic decisions are often driven by “animal spirits”—a spontaneous urge to action that overrides logic, which is evident from the fact that notwithstanding the financial literacy initiatives at the global level, the current era remains beset by predacious market behaviours, rising consumer-debt, financial greed and apprehensions. This indicates dominance of the Cognitive Domain (technical and mathematical aspect) focusing on creating “outer wealth”, by disregarding the Affective Domain (behavioural biases) i.e. the “internal behavioural drivers” especially the ego, greed and fear leading to irrational decision making. Thus, sans understanding the psychology of the mind, the investors are susceptible to behavioural biases. This calls for an integration of the vigorous philosophical structure of the Bhagvad Gita and the Kahneman’s dual-process structure, thereby addressing the “Behavioural Literacy Gap”.

III. SCOPE OF THE STUDY

The study is a multidisciplinary amalgam of the Vedantic ideology, the contemporary personal finance principles and behavioural finance philosophy. It seeks to re-evaluate the definition of financial literacy by mapping the psychological dispositions enlightened in the Bhagvad Gita and Kahneman’s parallel-processing ideology to contemporary cognitive biases and providing a behavioural model in the form of a Purushartha structure empowering individuals towards ethical goal-setting and sustainable long-term financial planning.

For this study the Bhagvad Gita is considered from the viewpoint of a philosophical and psychological framework, devoid of any sectarian or theological angle or a religious text. Secondly, it focuses exclusively on its application to contemporary financial behaviour.

IV. OBJECTIVES OF THE STUDY

- 1) To reconceptualise financial literacy and its major components – Knowledge, Attitude and Behaviour on the basis of the Tri-Yogas, Tri-Gunas and the Purusharthas i.e. the four goals of life.
- 2) To study the correlation between the Tri-gunas (Sattva, Rajas and Tamas) and behavioural biases in personal finance.
- 3) To understand the connect between the ancient Vedic philosophy and Daniel Kahneman’s Dual-process Structure-System 1 and System 2.
- 4) To recommend to the financial planning industry a Guna-based (Sattvik) investment strategy and a Bias-detection checklist, while formulating financial plans of clients.

V. REVIEW OF LITERATURE

A. Research Studies on Impact of Psychological Biases on Financial Behaviour

Traditional finance theories like the Investor Rationality and Efficient Market Hypothesis (EMH) assume that individuals are rational (Homo Economicus) in their investment decisions, have the financial acumen to collect and process pertinent data, alter their opinions and make perfect choices with an objective to enhance returns (Mittal, 2010, Cohen et al, 2012; Kahneman et al, 1998; Thaler, 1980; Barberis et al, 2003, Timmermann et al, 2004; Malkiel, 1989; Fama, 1970). However, in contrast, research in the fields of Psychology, Sociology and Anthropology have revealed people’s lack of economic rationality (Furnham et al, 1998). Similarly, Consumer survey results in the US by George Katona, (a behavioural economist) reveals consumer decisions guided by personality, attitude and cognitive patterns. (Kahneman et al, 1979 and Thaler, 1999) who propounded the Prospect Theory and Mental Accounting Theory respectively challenged the EMH and Expected Utility Theory (EUT), emphasizing on the investor’s sub-optimal decisions owing to the behavioural biases for which solutions lie in the behavioural finance theories. As per (Sahi, 2012) investors actions are inexplicable based on the Modern Portfolio Theory (MPT), reinforcing the connect between emotions, cognition and investment decision making. (Simon, 1979) postulates that individuals are governed by “bounded rationality”, leading to irrational judgements, thereby constraining their abilities to make financial decisions, which calls for a need to consider psychological biases (Jain et al., 2021). Studies conducted by (Hammond, 2015, Lintner, 1998, Nair et al, 2015, Kapoor et al, 2017, Zindel et al, 2014, Zahera et al, 2018; Mittal, 2022; Shukla et al.,



2020; Kumar et al, 2015; Ate,s et al., 2016, Hershey et al, 2000, Stawski, 2007, Hershey 2007, Popovici 2012, Barberis et al, 2003; Shiller, 2003, Barber et al, 2013, Dalbar, 2022; Friesen et al, 2007), also report similar findings, that investment decisions are directed by emotions rather than logic, leading to sub-optimal outcomes.

Behavioural biases like overconfidence (Barber et al, 2001), loss aversion (Shefrin et al, 1985), herding (Chang et al., 2000) continue even when their harmful effects have been evident (Benartzi et al, 2007) in the form of financial crisis (Bikhchandani et al, 2001). Failures to diligently stick to plans for giving in to immediate desires (Ainslie et al, 1992; Read et al, 2012; Strotz, 1956) indicates people's negligence about future outcomes in the face of imminent uncertainty (Luce et al, 1957; Shackle, 1955).

Thus, investigating the principles of rationality and deliberating upon cognitive biases impacting market behaviours is the subject matter of behavioural finance (Shefrin, 2010; Ritter, 2003; Statman, 2005) bias being a predisposition towards error (Shefrin, 1985).

Understanding investment behaviour requires probing into different cognitive biases impacting investment decisions (Sahi et al, 2012) and avoiding sub-optimal investment decisions through policy interventions like psychological healing, to alter the personality traits of individuals (Redhead, 2008) and helping financial planners and advisors to provide enhanced and satisfactory investment guidance (Gupta, 2021).

B. Research Studies on Importance of Financial Literacy for Managing Behavioural Biases

According to (Lusardi et al, 2011 and 2014, Chen et al, 1998, Jonsson, et al, 2017, Shivangi, 2025) a high degree of financial literacy is associated with a lower prevalence of behavioural biases, indicating financial literacy interventions by financial and educational institutions for disabling the impact of biases, which brings to the fore the significance of enhancing financial literacy for effective investment approaches (Kadakia, 2025, Gupta et al, 2025, Liberty et al, 2024). However, despite the significance of financial literacy, individuals are prone to making investment blunders (Agarwal et al, 2025, Van Rooij et al., 2011), to the extent that even knowledgeable investors and financial professionals are not immune to these biases (De Bondt, 2020, Baker et al., 2017), thereby hindering the positive impact of financial education. Thus, (Fernandes et al., 2014; Willis, 2011, Garcia, 2013) contend that financial education is not sufficient to alter behavioural patterns, as according to (Baker et al, 2019) some biases were immune to financial literacy, indicating that in addition to financial literacy initiatives, understanding the way these biases intermediate the process of decision making and ways to overcome these is essential. In this context (Pitthan et al, 2025) highlighted the importance of enhancing financial literacy by creating awareness of behavioural biases, which however was overlooked by educational interventions and secondly, as per (Amagir et al, 2018) such programmes were very scanty concentrating only on illustrating good behaviours, requiring a causal connect for strengthening enhanced financial outcomes. As per (Puaschunder, 2025), understanding the way individuals really behave is essential to direct their behaviours. In addition to making investors cognizant of their biases (Sea, 2025), they should be directed to cope with emotions, concentrate on analytical reasoning, take expert opinions, avoid performance chasing (Nestor, 2019). The challenge with behavioural finance is that undoubtedly it will educate people about their biases essential for investment decision making, but fails to guide individuals as to how to overcome these (Statman, 2008). Thus research in this area signifies that biases are both ubiquitous and germane, and thus can prove fatal (Shefrin, 2000), necessitating understanding these by both investors as well as financial advisors (Prosad, 2015). However, lately various governments have ventured into nudging by understanding cognitive biases to enhance economic decision making (Thaler et al, 2008), by seeking help of Behavioural Insights teams (World Bank Development Report, 2015). Thus, mounting significance of comprehending behavioural biases in financial literacy (Garcia, 2013; Jonsson et al, 2017; Pitthan et al, 2021) and research studies relating to the absence of a connecting link between financial education initiatives and enduring precisions in financial literacy has led to Behaviour-centred financial education (Willis, 2011). Financial planners and institutions, should follow a multi-pronged approach by blending psychological training, emotional management strategies and tailor-made consultancy services (Negara, 2025). Thus, comprehending behavioural biases through self-revelation and self-composure (Statman, 2019), emotional-logical dissonance in financial planning (Kahneman, 2011; Thaler et al, 2008) and "Know Thyself" approach as advocated by Bhagvad Gita will help investors understand the financial environment and make better investment choices (Weixiang et al, 2022).



Research Gap

Current literature on financial literacy and investor behaviour demonstrate a noteworthy “Consolidative Gap” (Mathematical-Behavioural Disconnect), as they concentrate profoundly on cognitive numeracy, reflecting one’s ability to compute interest and inflation, but fails to provide reasons as to why individuals with high levels of financial knowledge fall a prey to the “Rajasic” instincts (greed) and “Tamasic” incapacity (fear). Secondly, although modern behavioural finance is successful in identifying the behavioural biases and the occidental philosophy contemplates on “Mindfulness”, yet there exists a dearth of research which fails to utilise the Purushartha structure, the tri-yogas and tri-gunas. Finally, the contemporary personal finance principles revolve around the “rational being” or the “Nudge theory”, but fails to discover the notion of Dharma and Sthitaprajna i.e. everlasting affective steadfastness, essential for sustained financial resilience.

VI. RESEARCH METHODOLOGY

The study draws a commonality between the Bhagvad Gita and Kahneman's (2011) dual-mind structure: System 1 (the manas/mind) and System 2 (the buddhi/intellect). Former being spontaneous, hasty, sensitive, instinctual, sans self-discipline, has high probabilities of committing mistakes, due to dependence on heuristics. This necessitates understanding the nature of the mind by using System 2 – the intellect (Kahneman et al, 2005), similar to the philosophy of the Bhagvad Gita indicating the navigation from System 1 to System 2 by overcoming the influx of emotions, similar to those faced by Arjuna and reconciled by Krishna through the 18 chapters and 700 verses of the Gita by providing insights into the three gunas and three yogas leading to the Purusharthas. The study proposes a Unified Vedantic-Behavioural Financial Planning Model, based on the definition of Financial Literacy: “Financial Literacy is a measure of the degree to which one possesses the competency to manage personal finances, for enhancing participation in economic life, while being mindful of life events and changing economic conditions”.

The components of financial literacy being - Financial Knowledge and Financial Attitudes to understand its relationship with Financial Behaviour i.e. Personal Financial Planning.

Components of Financial Literacy and its alignment with the Principles of Bhagvad Gita and Kahneman’s Dual-mind structure

- 1) Financial Knowledge (Wisdom) - proficiency or expertise related to personal financial planning activities. Financial Knowledge = Gyan Yog / Wisdom (Viveka): Activating System 2 to gain technical proficiency.
- 2) Financial Attitude (Gunas) - psychological disposition / tendency towards personal financial planning activities. Herein lies the cognitive biases (the Rajasic and the Tamasic) to be uprooted through the Gyan Yog to ensure a Sattvic disposition towards personal financial planning activities. Financial Attitude = Bhakti Yog: Activating System 2 to mitigate the impact of behavioural biases-System 1.
- 3) Financial Behaviour (Purusharthas-Dharma, Artha, Kama and Moksha) - Actions related to money management like budgeting, debt management, investment management and the like. Financial Behaviour = Karma Yog: Directing actions through the Purusharthas specifically subordinating Artha and Kama to Dharma in order to reach Moksha (i.e. financial freedom). Activating system 2 to reach financial freedom.

Financial Knowledge		Financial Attitude		Financial Behaviour
Viveka (Intellect) System 2	→	The Mind (The Manas) System 1	→	Life Goals (Financial Goals)
Technical and Behavioural Literacy		Three Gunas (Sattva, Rajas and Tamas)		Purusharthas (Dharma, Artha, Kama, Moksha)
Gyan Yog		Bhakti Yog		Karma Yog
The Head		The Heart		The Hand

Table I - The Vedantic-Behavioural Financial Planning Model



The Vedantic-Behavioural Financial Planning Equation:

Moksha = System 2 (Buddhi) ÷ System 1 (Manas)

Moksha = [Knowledge X (Dharma + Artha)] ÷ [Kama X (Rajas + Tamas)]

Variables of the Equation:

Moksha (The Outcome): Financial Freedom i.e. financial security and psychological harmony.

System 2 / Buddhi (The Exponent): Cognitive capacity-the intellect to supersede biases.

Knowledge (The Foundation): Technical financial knowledge and behavioural skills.

Dharma + Artha (The Tactical Resources): Ethical wealth creation. If Dharma is zero, the entire numerator collapses (Moral Devastation).

System 1 / Manas (The Defiance): The instinctive, biased mind that is guided by heuristics.

Kama (The Depletion): Unrestricted desire and imprudent spending.

Rajas + Tamas (The Instability): The psychological forces of voracity, fear, and deferment that “divide” and reduce the final result – the financial freedom (moksha).

Interpretation of the Equation

It implies that higher the numerator, it will positively affect your Moksha and vice versa. However, only enhancing the numerator, by totally disregarding the denominator, will have an offsetting impact. For enhancing the numerator and mitigating the denominator, the following strategies from the Bhagvad Gita coupled with the Kahneman’s theory are explicated for each component of personal financial planning i.e. financial behaviours.

Personal Financial Planning Solutions and Applications: From perspective of Bhagvad Gita and Kahneman’s Theory

A. Financial Planning Component – Budgeting

Budgeting is a disbursement plan that traces income and expenditure to regulate the expenses, for enhancing savings and investments to reach financial goals like home purchase, vacation, retirement planning, etc. It is similar to a financial navigation system, helping to avoid profligacy and allocate funds for both present and future needs.

Biases affecting Budgeting with Solutions

1) Behavioural Bias (Kahneman’s System 1 Invasion)

Like Present / Self-Control Bias / Hyperbolic Discounting i.e. choosing immediate rewards over future ones, affects Budgeting behaviour.

2) Vedantic Root (Guna and Purushartha) and Psychological Source

Kama and Rajasic Desire-Rajasic Impulsivity: Driven by sensory contact (Vishaya). System 1: Impulsive desire for instant gratification over future security.

3) Correlation Shloka (The Problem), its meaning and Financial Interpretation

Shloka: Bhagvad Gita – Chapter 18, Shloka 38

viṣhayendriya-sanyogād yat tad agre ’mṛitopamam

pariṇāme viṣham iva tat sukhaṁ rājasam smṛitam

Meaning: Pleasure derived from contact with the sense objects resembles nectar initially, but turns out to be venomous towards the end.

Financial Interpretation: This signifies the human tendency to squander money i.e. Impulse spending (System 1) which, no doubt appears to be blissful initially offering instant “gratification”, however leading to the venom of increasing debt burden with absence of savings, creating a precarious financial situation leading to financial distress, post-retirement.

4) Remedial Shloka (The Solution), its meaning and Financial Interpretation

Shloka: Bhagvad Gita – Chapter 6, Shloka 5

Uddhared ātmanātmānam nātmānam avasādayet

ātmaiva hyātmano bandhur ātmaiva ripur ātmanaḥ



Meaning: Elevating oneself by consciously directing the Mind (Manas-man's best friend or foe) towards self-restraint, by using the Intellect (Buddhi).

Financial Interpretation: This implies self-discipline to avoid impulsivity in spending (Rajasic and Tamasic gunas) by being mindful (Sattvic guna).

5) Behavioural Intervention (Kahneman's System 2)

Removing System 1 bias through Sattvic Automation like Mutual Funds Systematic Investment Plans (SIPs), auto-lock savings accounts, zero base budgeting, conscious outlays, periodically reviewing the budget and above all following the Equation of: Income minus Savings = Expenditure and not Income minus Expenditure = Savings

6) Financial Literacy Dimension

This implies attitudinal change (Bhakti) by imbibing Sattvik temperament coupled with Karma Yog (the duties assigned) to ensure a steady flow of income-present and future.

B. Financial Planning Component – Debt Management

Debt management refers to a coherent approach for proficiently handling and repaying loans, aimed at achieving a debt-free life.

Biases affecting Debt Management with Solutions

1) Behavioural Bias (Kahneman's System 1 Invasion)

(a) Optimism bias / Over-leveraging – this implies borrowing by either overestimating the ability to repay or underestimating the negative risk and impact of debt; and

(b) Present Bias i.e. choosing immediate rewards over future ones, affecting Budgeting behaviour. It implies preference for Kama – present enjoyment over future security.

2) Vedantic Root (Guna and Purushartha) and Psychological Source

Kama and Rajasic Desire and Rajasic Impulsivity: Driven by sensory contact (Vishaya). System 1: Impulsive desire for instant gratification.

Rajasic Ego (Ahankara). System 1: Blind optimism; ignoring "What could go wrong." And "I am the doer; I will conquer all" attitude and approach. The Rajasic ego assumes future income is guaranteed, leading to excessive borrowing for "Kama" rather than "Dharma".

3) Correlation Shloka (The Problem), its meaning and Financial Interpretation

Shloka: Bhagvad Gita – Chapter 14, Shloka 12 and 13

lobhaḥ pravṛtṭir ārambhaḥ karmanām aśhamaḥ spṛihā

rajasy etāni jāyante vivṛiddhe bhāratarṣhabha

aprakāśho 'pravṛittiś cha pramādo moha eva cha

tamasy etāni jāyante vivṛiddhe kuru-nandana

Meaning: When the mode of passion prevails, it indicates self-indulgence, materialism, anxiety, giving rise to ignorance out of which arises lethargy, neglect, and illusion.

Financial Interpretation: This signifies the human tendency to leverage for extravagance (System 1) which no doubt appears to be glorious and manageable initially pampering the ego, however leading to the risk of indebtedness affecting the future ability to borrow when actually required, owing to a negative credit score.

4) Remedial Shloka (The Solution), its meaning and Financial Interpretation

Shloka: Bhagvad Gita – Chapter 6, Shloka 17

yuktāhāra-vihārasya yukta-cheṣṭāsya karmasu

yukta-svapnāvabodhasya yogo bhavati duḥkha-hā

Meaning: This means that an individual who is moderate in consumption and leisure, composed in toil and controlled in sleep, can alleviate all worries by practicing Yog.

Financial Interpretation: This implies applying the principles of balance and discipline (Sattvic guna) to cultivate financial well-being, eliminate debt-related stress, and achieve a stable and peaceful life, by controlling indulgence (Rajasic and Tamasic gunas).



5) Behavioural Intervention (Kahneman's System 2)

Removing System 1 bias through Dharmic Discipline: Borrowing only for necessities, not for satiating luxury needs and using pre-payment options from additional income derived.

6) Financial Literacy Dimension

This implies attitudinal change (Bhakti) by aligning debt (Artha) strictly with Dharma (Asset building, not consumption) to hedge against indebtedness and bankruptcy.

C. Financial Planning Component – Investment Planning

Investment planning means correlating investments to financial goals, on the basis of a risk-return trade-off, to choose the most appropriate investment choice for wealth maximisation.

Biases affecting Invest Planning with Solutions

1) Behavioural Bias (Kahneman's System 1 Invasion)

(a) Loss Aversion – means Panic selling because pain of loss is two times the joy of gain

(b) Herding - following the crowd

(c) Status quo bias – tendency of investors to hold on to the investments rather than adapting to the new opportunities available.

2) Vedantic Root (Guna and Purushartha) and Psychological Source

Tamasic Fear and Rajasic Greed: Dual forces of attachment. System 1: Fear and greed overriding logic.

3) Correlation Shloka (The Problem), its meaning and Financial Interpretation

Shloka: Bhagvad Gita – Chapter 2, Shloka 62

dhyāyato viṣhayān puṁsaḥ saṅgaḥ teṣhūpajāyate

saṅgāt sañjāyate kāmaḥ kāmāt krodho 'bhijāyate

Meaning: Mental engagement with the sense objects, leads to developing attachment to them, further culminating into desire and desire gives rise to longing and longing to anger/delusion.

Financial Interpretation: This implies the human tendency of getting attached to investments, leading to a panic or a voracious mode owing to market trends i.e. volatility (System 1).

4) Remedial Shloka (The Solution), its meaning and Financial Interpretation

Shloka: Bhagvad Gita – Chapter 2, Shloka 47 and 48

karmaṇy-evādhikāras te mā phaleṣhu kadāchana

mā karma-phala-hetur bhūr mā te saṅgo 'stvakarmaṇi

yoga-sthaḥ kuru karmāṇi saṅgam tyaktvā dhanañjaya

siddhy-asiddhyoḥ samo bhūtvā samatvaṁ yoga uchyate

Meaning: Performing one's duties with an even mind during success and failure. This equipoise is born when one realises that the effort is in our hands, not the result, which then makes an individual equinamous (Samatvam).

Financial Interpretation: This implies absence of attachment to the fruits of Karma (Rajasic and Tamasic gunas). In other words, shifting the focus from attachment to the returns from investment to balancing the long-term growth in investments (Samatvam).

5) Behavioural Intervention (Kahneman's System 2)

Removing System 1 bias by developing a System 2 "Investment Policy Statement" to maintain Sattvik calm and balance (Sthitaprajna) in market cycles for every type of investment.

6) Financial Literacy Dimension

This implies attitudinal change (Bhakti) by imbibing moderation (Sthitaprajna) plus discernment (Viveka) coupled with Karma Yog (the duties assigned-creating, managing and re-evaluating the portfolio) by overcoming Rajasic greed and Tamasic fear (Kama), aligning investments and returns (Artha) strictly with Socially Responsible Investing (Dharma).



D. Financial Planning Component – Risk Management and Insurance Planning

These are the principal constituents of a financial plan to financially safeguard an individual and his dependents from unexpected events like death, disability, critical illness, as well as his assets from loss due to accidents, theft, fire, etc. through the effective use of insurance, both life and non-life in the form of risk transfer.

Biases affecting Risk Management and Insurance Planning with Solutions

1) Behavioural Bias (Kahneman's System 1 Invasion)

(a) Optimism Bias: people's tendencies to overemphasize the prospective positive events and miscalculate the likelihood of negative events. Example people may disregard the possibility of suffering from a critical illness or dying in an accident – discounting rare but fatal risks.

(b) Availability Heuristic / Black Swan Bias: Tendency to overestimate risks which are widely publicised or underestimate risks which are common.

2) Vedantic Root (Guna and Purushartha) and Psychological Source

Tamasic Negligence: "It won't happen to me" (Pramada). System 1: Relying on immediate, recent memories and overlooking older, but yet equally important memories or data.

3) Correlation Shloka (The Problem), its meaning and Financial Interpretation

Shloka: Bhagvad Gita – Chapter 14, Shloka 8

tamas tv ajñāna-jaṁ viddhi mohanaṁ sarva-dehinām

pramādālasya-nidrābhis tan nibadhnāti bhārata

Meaning: The darkness (Tamas) born out of Ignorance, the cause of illusion, which deludes all living beings through negligence (pramada), laziness (alasya), and sleep (nidra).

Financial Interpretation: This implies neglecting insurance because “nothing has happened yet” is Tamasic delusion (System 1).

4) Remedial Shloka (The Solution), its meaning and Financial Interpretation

Shloka: Bhagvad Gita – Chapter 2, Shloka 27 and 14

jātasya hi dhruvo mṛityur dhruvaṁ janma mṛitasya cha

tasmād aparihārye 'rthe na tvaṁ śhochitum arhasi

mātrā-sparśhās tu kaunteya śhītoṣhṇa-sukha-duḥkha-dāḥ

āgamāpāyino 'nityās tāns-titikṣhasva bhārata

Meaning: It implies that the cycle of life and death is unescapable, thus it is futile to wail. Further, life is a fleeting journey of joyful and sorrowful events, like the transient seasons of summer and winter. However, these events being unpredictable, necessitates developing the quality of endurance.

Financial Interpretation: This implies protecting oneself, the dependents and the assets through life and non-life insurance (Sattva Guna) is the significant duty (Dharma) - System 2.

5) Behavioural Intervention (Kahneman's System 2)

Removing System 1 bias by developing a System 2 plan of systematic recognition of risks to life and property and performing one's primary duty (Dharma) of protection.

6) Financial Literacy Dimension

This implies using the discernment (Viveka) towards an attitudinal change (Bhakti Yog) to overcome negligence and indolence (Tamas) through Karma Yog and Dharma (the duties assigned-protecting oneself and the family through insurance).

E. Financial Planning Component – Tax Planning

Tax planning refers to the diligent long-term strategies designed to legitimately reduce the tax liability by capitalising on the existing deductions and exemptions under prevalent tax laws, aimed at wealth maximisation.

Biases affecting Tax Planning with Solutions



1) Behavioural Bias (Kahneman's System 1 Invasion)

Procrastination bias: in tax planning it is the tendency to irrationally delay tax-related tasks and decisions despite knowing the potential for negative financial consequences, such as higher taxes, missed saving opportunities and penalties.

2) Vedantic Root (Guna and Purushartha) and Psychological Source

Tamasic Inertia: Avoidance of complex but necessary tasks. System 1: Procrastination leading to lost opportunities and decision errors.

3) Correlation Shloka (The Problem), its meaning and Financial Interpretation

Shloka: Bhagvad Gita – Chapter 18, Shloka 28

ayuktaḥ prākṛitaḥ stabdhaḥ śhaṭho naiṣhkṛitiko 'lasaḥ

viśhādī dīrgha-sūtrī cha kartā tāmasa uchyate

Meaning: It refers to the psychological state of an individual controlled by lethargy, lack of interest, obstinacy, procrastination, being harmful to wealth maximisation.

Financial Interpretation: This implies Procrastination - Delaying tax-saving until the last minute (System 1). It reflects a lack of discipline in financial "Karma".

4) Remedial Shloka (The Solution), its meaning and Financial Interpretation

Shloka: Bhagvad Gita – Chapter 3, Shloka 8

niyatam kuru karma tvam karma jyāyo hyakarmanah

śharīra-yātrāpi cha te na prasiddhyed akarmanah

Meaning: It means an individual should perform his stipulated duties, as action is grander than inaction, essential for an individual's sustainable development.

Financial Interpretation: This implies timely tax planning through discernment (Viveka) to derive tax planning benefits (System 2).

5) Behavioural Intervention (Kahneman's System 2)

Removing System 1 bias by developing a System 2 Timely Tax Planning strategy in consultation with financial experts and performing the Dharma - Viewing tax as a contribution to the "Universal Order" (Yajna).

6) Financial Literacy Dimension

This implies avoiding delay (Tamasic inertia) of sticking to the easiest action of inaction, by using the Viveka (discernment) to undertake tax planning (Karma Yog) to derive benefits of wealth maximisation.

F. Financial Planning Component – Retirement Planning

It involves visionary management of funds during the accumulation phase of the life-cycle to guarantee financial freedom, sustenance of the preferred lifestyle and the ability to make up for the future outlays in the absence of a regular active income during retirement.

Biases affecting Retirement Planning with Solutions

1) Behavioural Bias (Kahneman's System 1 Invasion)

Like Hyperbolic Discounting / Present Bias / Temporal Myopia: tendency to concentrate on smaller, instant rewards like taking a vacation or buying a new appliance and subordinating the bigger, deferred benefits like a secured retirement life, resulting in lack of sufficient savings and investments, with inadequate funds for retirement.

2) Vedantic Root (Guna and Purushartha) and Psychological Source

Kama-Artha Imbalance: Over-focus on current desires. System 1: Lack of emotional connection to the distant future.

3) Correlation Shloka (The Problem), its meaning and Financial Interpretation

Shloka: Bhagvad Gita – Chapter 5, Shloka 22

ye hi sansparśha-jā bhogā duḥkha-yonaya eva te

ādyantavantah kaunteya na teṣhu ramate budhah

Meaning: It means the worldly gratifications are transitory, which disappear shortly, leaving a void in a person's life and therefore the intellectual people do not get enchanted by these.



Financial Interpretation: This implies instant gratification devoid of future planning (System 1), thereby reflecting a lack of self-restraint in financial “Karma”.

4) Remedial Shloka (The Solution), its meaning and Financial Interpretation

Shloka: Bhagvad Gita – Chapter 18, Shloka 33

dhṛityā yayā dhārayate manaḥ-prāṇendriya-kriyāḥ

yogenāvyaabhichāriṇyā dhṛitiḥ sā pārtha sāttvikī

Meaning: It means the dhṛiti the unwavering determination which helps individuals to discipline and regulate their mind by inhibiting them from wandering into the fleeting distractions of life.

Financial Interpretation: This implies controlling the senses from instant gratification with steadfast determination to achieve goal clarity for retirement financial self-efficacy (System 2).

5) Behavioural Intervention (Kahneman’s System 2)

Retirement planning requires Sattvic wisdom—the ability to act now for a result that is far in the future. This is the essence of Moksha-oriented Artha.

6) Financial Literacy Dimension

This implies using the discernment (Viveka) to undertake retirement planning (Karma Yog) by avoiding delay (Tamasic inertia of instant gratification) for ensuring financial security in old age (Dharma), for financial independence.

G. Financial Planning Component – Estate Planning

Biases affecting Estate Planning with Solutions

1) Behavioural Bias (Kahneman’s System 1 Invasion)

(a) Endowment Effect: Emotional attachment to “My” assets impeding estate planning.

(b) Loss Aversion: fear of death, makes discussion about estate planning distressing leading to procrastination.

2) Vedantic Root (Guna and Purushartha) and Psychological Source

Ahankara (Ego): False sense of permanent ownership. System 1: Emotional attachment to property and ego.

3) Correlation Shloka (The Problem), its meaning and Financial Interpretation

Shloka: Bhagvad Gita – Chapter 2, Shloka 44

bhogaiśwvarya-prasaktānām tayāpahṛita-chetasām

vyavasāyātmikā buddhiḥ samādhau na vidhiyate

Meaning: The individuals whose faculties of reasoning and judgement are baffled owing to the fixation of their minds on material pleasures and opulence, it impedes the development of their single-pointed determination required to tread the path of ultimate realisation.

Financial Interpretation: This implies attachment (Tamas) to the wealth generated, unable to realise the ultimate goal of life of transferring the property in favour of legal heirs (Dharma and Karma Yog) most essential to avoid legal hassles for the latter. Thereby reflecting avoidance of one’s duty towards successors (System 1) in the form of lack of estate planning.

4) Remedial Shloka (The Solution), its meaning and Financial Interpretation

Shloka: Bhagvad Gita – Chapter 2, Shloka 27 and 71

jātasya hi dhruvo mṛityur dhruvaṁ janma mṛitasya cha

tasmād aparihārye ṛthe na tvaṁ śhochitum arhasi

vihāya kāmān yaḥ sarvān pumānśh charati niḥsprihaḥ

nirmamo nirahankāraḥ sa śhāntim adhi gachchhati

Meaning: This emphasizes the susceptibility of human life to the inevitable cycle of life and death, the transience of the body, demanding shedding all longing and involvement in the assets generated during the life-time by moving from “my-ness” and egoism, towards the attitude of a trustee (visvasta).

Financial Interpretation: Regarding wealth as “mine” inhibits smooth assignment in favour of the heirs. Thus Estate planning demands the “Stewardship” conviction of Nishkama Karma.



5) Behavioural Intervention (Kahneman's System 2)

Estate Planning requires the Trusteeship approach of managing wealth as a provisional "Guardian" for descendants.

6) Financial Literacy Dimension

The Ahankara (Ego) leads to Artha-attachment (Tamas), demanding the use of discernment (Viveka), for Moksha - Estate Planning.

VII. CONCLUSION

The study provides a connecting link between the ancient psychological discernments and the contemporary economic challenges, valuable for distinct stakeholders. For individual investors it offers a "Behavioural Compass" to navigate the complex financial marketplace by comprehending the Gunas and Yogas and inculcating in their financial decision making the Sattvik frame for wealth management and preservation. Financial educators can look beyond the mathematical and technical financial skills to teaching "financial mindfulness". It enables the financial advisors and wealth managers to introduce the concept of Behavioural Alpha by formulating the Portfolio management strategy based on the Guna philosophy to understand their client's dispositions through a behavioural bias check-list and provide tailor-made financial plans to suit their requirements, by aligning them to their financial goals (Purusharthas). It also highlights the significance of ethical wealth creation i.e. Socially Responsible Investing. It opens new vistas for the blend of the Occidental behavioural finance principles and the Oriental Vedic philosophy.

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