

Dharmanomics: A Path To Ethical Economics

I. Introduction

A. Dharmanomics: A Blend Of Dharma And Economics

The concept of dharma in economics is a **synergistic value system**. Dharmanomics deals with integrating dharma into economics. The concept of dharmanomics implies an idea wherein ancient values of dharma are integrated with modern-day economic practices. The word dharma is a codified set of principles for good living, it is perhaps the right way of living. The basic principles of dharma are love, compassion, truth, non-harming nature, duty, and selfless service. Dharmanomics implements these ancient principles to the contemporary economic landscape, to create a model in which **sustainable practices** and **ethical guidelines** are integrated with economic growth. It, therefore, represents a system that prioritizes righteous conduct with wealth creation.

B. Role Of Traditional Indian Values In Shaping Economic Practices

Ancient Indian Values have played an important role in shaping economic practices. **Milton Singer**, in his article "Cultural Values in India's Economic Development," describes how Ancient Indian values have significantly influenced economic practices, integrating material goals with spiritual values. Scholars like Milton Singer and Hajime Nakamura highlight the **spiritual-material balance** in Indian culture.¹

The ethical duties mentioned in Dharmashastra include economic responsibilities like right conduct in trade, charity, etc. There was also a focus on the **dignity of labor** and localized economies. Modern reformers disagree with ancient Indian thought, often contrasting worldly life with spiritual pursuits. They reinforced the idea that economic development could be harmonized with ethical living. Texts like **Arthashastra** state that the ethical pursuit of wealth is vital for individualistic and societal well-being. Wealth and power are portrayed as achievements of virtue and as tools for maintaining harmony in society. Indian philosophy emphasizes **renunciation and balance** apart from materialism, which helps maintain a cautious approach to wealth collection, reinforcing that economic practices sync with ethical values.²

II. Historical Precedents Of Dharmanomics

A. Kautilya's Dharmic Capitalism

Sriram Balasubramanian in his book, "Kautilyanomics: For Modern Times" suggests that Kautilya in Arthashastra (3rd century BCE), promulgates a **dharma-based capitalistic model** which is based on the pillars of wealth creation through a global outlook, sustainable growth and welfare, and a rule-based yet non-intervening state.³ As interpreted by Kautilya, the state's role is strong and structured yet does not interfere in its execution. Kautilya's focus was on the implementation of rules and legal framework to ensure the consumer's best interest which is opposite to the role a "planned economy" plays in modern times.

¹ [jstor](#)

² [jstor](#)

³ [news18](#)

According to Kautilya, the state should intervene only when the market is unable to sort out certain things. Kautilya mentions that in the state of “**matsyanyaya**”, the state needs to intervene so that the bigger firms do not exploit the smaller ones, and inequalities do not arise. In Arthashastra he advocates for state intervention in market regulation, ensuring fair trade, and preventing economic imbalances and monopolies. At a broader level, Kautilya tends to favor a global view of the economy, comprising a dynamic international trade environment, utilizing natural resources sustainably, and facilitating investment from savings to increase growth in multiple areas. International trade was fundamental in the operation of the Mauryan dynasty’s economic system, and there was a free exchange of knowledge. Kautilya advocated for an expansionist view of the economy.

B. Sustainable Development

Five Kautilyan principles of sustainable development exist in India:⁴

1. Dharma, assigned to economic and societal welfare,
2. Governance responsibilities,
3. Wealth creation,
4. Market facilitation, and
5. Institutional capacity of taxation and money creation

According to Kautilya, the sustainable way of growth model was based on the dharmic way. In Arthashastra, Kautilya mentions that governance needs **four fields of knowledge**: law, economic policy, philosophy, and cultural context.

III. Dharmanomics And Its Key Principles

A. “Dharmanomics: Principles Of Ancient Economic Philosophy”

In ancient times, macroeconomic systems existed in erstwhile civilizations in modern-day India, China, and Southeast Asia. These were built on a common set of principles called dharma. The native Indian kingdoms, such as the Mauryas, Cholas, Pallavva, and Vijayanagara empires, all flourished in their times, as their economic system was based on the idea of “Dharmanomics” (Balasubramanian, 2022). Dharmanomics is characterized as the economic philosophy that uses **dharmas as a framework**, to supplement both the state and market in economic activities. It is based on texts such as Niti Shastra, Kautilya’s Arthashastra, and others that were popular in these empires.⁵

Dharmanomics is, in essence, fundamentally different from Western capitalism. The structure of Western capitalism is based on: market-determined prices, a profit-and-loss system of accounting, and private property rights, whereas dharmanomics is sustained by a dharma-based lifestyle. Scriptures like Manusmriti state that dharma is characterized by self-control, patience, forgiveness, cleanliness of body, mind, and soul, proper use of wisdom, honesty, and control over rage. Verses from Mahabharata state that eternal dharma constitutes the four qualities of truth, control over anger, non-violence, and charity. According to **Sri Aurobindo**, Dharma in the Indian tradition is not just what is good or just, it also deals with the government, interpersonal relationships, and relations of humans with nature, and with god, based on a

⁴[iglobalnews](#)

⁵[nomadit](#)

divine principle. Economies that keep dharma as the basis of their philosophy, are known as “**Dharmic Economies**”. These economies integrate dharma with their market and state to formulate economic policies, which are done organically. Some of the key principles of dharmanomics are as follows:

1. Ethical Foundations

The Ethical Foundation constitutes the core of dharmanomics and guides economic behavior. Dharmanomics stresses that business firms and capitalists should act responsibly toward employers, customers, and the whole community while maximizing profits. Ethical economic practices increase values such as trust and reputation.

2. Social Justice And Equity

Dharmanomics promotes **social equality and fairness**, resolving income and opportunity inequalities. An economy based on ethical principles ensures that all sections of society are uplifted, especially the downtrodden and marginalized communities. By reinforcing inclusive growth, dharmanomics promotes economic systems that reward everyone, reducing poverty and improving the standard of living for all. This is done through providing just and fair wages, healthcare, and access to education and by promoting equal opportunities for all.

3. Holistic Approach To Development

Along with focusing on quantifiable indicators such as GDP, dharmanomics advocates a **comprehensive approach** to development, considering exploratory and qualitative factors such as peace, mental health, societal well-being, and cultural vibrancy as important components of an affluent and wealthy society.

4. Coordination And Community Engagement

Dharmanomics emphasizes the relevance of **cooperation** among key players such as government, business firms, societies, and nonprofits. Social challenges can be collectively addressed by promoting collaboration, which further helps in finding innovative solutions. Moreover, **community involvement** is important to make sure that the local population’s concerns are heard and addressed.

IV. Need For Dharmanomics And How It Can Be Achieved

According to Sri Aurobindo, money is a strong force at work on Earth. Money by itself is neither good nor bad, it depends on how we use it which decides what it becomes. Acharya Nirankar, in his article “Towards Dharmic Capitalism”, describes Aurobindo’s views on money and its relationship with dharma. Aurobindo believes that the **wealth force is divine**, and is used for establishing dharma, but in modern times, this force appears to be under the dominion of asuric or adharmic forces, driven by selfishness, pride, and ego, contrary to truth and dharma.⁶ In Indian spirituality, there are **two fundamental forces** in the play of evolution, the **daivic**, representing the forces of honesty and harmony, aligned with the highest dharma, and **asuric**, which represents excessive and irrational ego, accumulating all wealth and power in its own hands for selfish interests, contrary to the daivic forces which share and distributes so that everyone can grow together, with oneness and harmony.

⁶<https://satyameva.in/towards-dharmic-capitalism>

Unfortunately, the present world is ruled by asuric forces of wealth, which can be witnessed by an irrational imbalance of wealth, a disproportionate distribution of resources, and increasing greed and corruption. Since wealth forces are controlled by asuric forces their overall effect is also asuric in nature, i.e. our entire work culture is based on the fascination of making money at all costs.

The aim of working should be **creative gratification** or the happiness achieved by indulging in productive work, but very few people get to experience that. Modern-day lifestyles and ways of earning money reflect asuric greed and insecurity, and the corporate machinery is cruel, oppressive, and mechanistic.

V. Alignment Of Wealth Generation With Dharma

Ideal conditions can create an ideal world, and it requires the **restoration of the balance of power** among the two forces, where the generation of wealth will have to be harmonized with dharma for this, the daivic forces need to replace the asuric forces. The traditional idea of poverty as a necessary condition for spiritual life must be rejected. The ancient Indians believed the same. They did not renounce wealth or desire to pursue spiritual truth and liberation, instead, they reconciled gratification of desire, the path of dharma, wealth generation, and spiritual liberation in a comprehensive manner. The 4 purusharthas of Dharma (righteousness), Artha (economic values and generation of wealth), Kama (pleasure, desire), and Moksha (liberation) were integral to the social framework.⁷

Our modern civilization must return to such ethics and principles, as this can solve all societal conflicts. True consciousness can help achieve the true wealth force.⁸ This would be the precondition for attaining “**Dharmic Capitalism**”: conscious and enlightened capitalism, which is Dharma-based and helps change the work culture. This would be contrary to modern-day capitalism, which favors unfair trade practices and corruption.

VI. Dharmanomics In Modern Context

The concept of dharmanomics is becoming increasingly essential to overcome and deal with modern-day economic challenges such as economic disparities, unfairness, ecological crises, environmental degradation, and corporate misconduct. Its principles can shape modern economic practices in the following ways:

A. Social Enterprises

Social enterprises prioritize **societal impact over profit maximization**. These are organizations working to generate profit and cause social transformation. For example, Grameen Bank founded by Nobel Laureate Muhammad Yunus in Bangladesh gives micro-loans to individuals with low wages to start their businesses. Another example could be the Regional Rural Banks in India which are financial institutions cooperative in nature and function as commercial banks in terms of their ability to deploy financial resources. These provide credit for agriculture and other rural sectors and help bring social equity by delivering financial services to every stratum of society.

⁷Purushartha: it is a concept in hinduism which means purpose of human being or object of men.

⁸<https://satyameva.in/towards-dharmic-capitalism>

B. Ethical Supply Chains

The importance of ethical supply chains is recognized by many countries as part of their adherence to dharmanomics.⁹ For example companies like

1. **Patagonia** (a clothing brand known for its fair labor practices, and environmental and social responsibility with a major focus on environmental sustainability),
2. **IKEA** (a Swedish furniture giant that displays its dedication to ethical sourcing practices, and investment in renewable materials),
3. **Coca-Cola** Company (a global beverage giant, prioritizes a commitment to environmental and social standards, by promoting fair labor practices, and human rights and collaborating with industry partners, NGOs, and stakeholders, the company resolves global supply chain challenges like water resource management and sustainable sourcing),
4. **Accenture** (a global firm is famous for its ethical acquisition practices, promotes responsible sourcing and carbon-neutral production, and follows a Code of Business Ethics directing its actions, including compliance and social responsibility. It also promotes diversity and inclusion and drives innovation and collaboration along with social responsibility).

Through their dedication and commitment, these companies demonstrate that business success, wealth creation, and social responsibility can be achieved together.

C. Corporate Social Responsibility

Many corporations are seen as increasingly inclined towards adopting CSR strategies that are in allegiance to the dharmanomics principle. It includes supporting educational initiatives, improving healthcare facilities, prioritizing environmental sustainability, and women's empowerment programs. Companies such as Coca-Cola and Starbucks have invested a fair amount in socially and environmentally sustainable practices to make a better impact on the communities and society as a whole. In India, CSR has become a regulatory obligation (legal mandate) for large corporations, which in turn reflects the principles of dharmanomics by necessitating companies to assign a share of their profits to community welfare initiatives. For example, Tata Group's CSR initiatives invest in key areas including education, skill-based initiatives, healthcare, and community development programs. Reliance Industries is another popular company, whose main areas of focus of CSR include Rural transformation, disaster relief, education, access to healthcare, etc.¹⁰

VII. Challenges In Implementing Dharmanomics

While the ethical principles guiding dharmanomics demonstrate a strategic model for the assimilation of ethics and sustainability into economic models, several challenges exist in its realistic implementation.

A. Reluctance To Adaptation

Due to their established profit-maximization practices, many conventional business firms and industries resist transforming to a dharmanomic approach. Transitioning workplace cultures and mindsets can be challenging, as it requires the utmost dedication and responsibility from leaders and stakeholders.

⁹[ethicalsupplychains](#)

¹⁰[thecsrjournal](#)

B. Balancing The Short-Term And Long-Term Goals

The conflict between long-term sustainability and short-term profit maximization can obstruct the effective implementation of dharmanomics. In the modern-day world, most businesses prioritize economic gains over ethical principles, making it arduous to integrate sustainable practices into their functioning.

C. Global Disparities

To implement dharmanomics worldwide, countries must address substantial inequalities. Developed and rich countries can easily implement sustainable practices, as they have more resources, than developing countries, which might struggle with urgent economic needs. Collaborative efforts are needed to make dharmanomics accommodating and inclusive.

VIII. Way Forward

Dharmanomics offers a framework for a **balanced and sustainable future** by bridging the gap between ethics and economics. A sustainable ethics-based economic system can be created by reassessing ancient knowledge systems and implementing them to resolve contemporary challenges. Such a system will not only serve the present generation but also protect the interests of the upcoming ones. A multi-pronged strategy is required to implement the model of dharmanomics in modern-day capitalistic systems.

Tax policies promoting equity and social responsibility should be designed and implemented by the government. Protocols should be made to mandate businesses to adopt sustainable technologies and ethical supply chains. Community-driven initiatives at the grassroots level can play a significant role in implementing dharmanomics. The course on dharmanomics demands **joint accountability** from businesses, policymakers, and individuals. In adopting this vision, the foundation for a balanced economy is built along with respecting our **ethical and moral heritage**. Thus, by promoting collaboration among stakeholders, we can head towards an inclusive and balanced world that is inclusive of our commitment to individuals and collective responsibility towards the next generation.

IX. References

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