



Cultural Influence on Economy for Sustainable Growth

Dr. R. Suresha

Guest Faculty, D.O.S. in Sanskrit, University of Mysore.

drresuresha@gmail.com Mobile: 99808-33466

Abstract

There is a huge difference between civilized economy and cultural economy. The former flourished in contract based society; while the later emerged in cultured, human relationship based society. Cutting the interest rate on FD was the policy prescription for growth 1990. It was 8% of interest for FD in America which resulted in 25% household's investment in stock market. In the year 2001, FD interest rates are cut to 1%, which in gave rise to 55% household's investment in stock market. Families in America are destroyed. 51% of American families are dependent on government support. 51% single parent family; 55% of the first marriages end in divorce; 67% of the second marriages end in divorce; 74% of the third marriages end in divorce; 41% of children are born for unwed mothers; among them 20% are born from school-going children. By de-stabilizing the family bonding, the propensity to save has been destroyed in the west. Impoverish the families and enrich the corporate were the policy prescriptions of America! With trade deficit of 29 billion dollars, America spends more than earnings. Economists of the west advised of reviving the growth by spending more and more. Unfunded social security obligation of America is 104 trillion dollars; whereas GDP is 16 trillion dollars. Civil society is based on social contract theory; it adopts consumerist economy. It is purely government dependant society. Because of which reason, it spends huge amount of money for social security. Families are nationalized; government functions are privatized in America!

Cultural influence on sustainable growth

On the other hand, out of 1,758.22 billion dollars of Indian GDP, around 36% was domestic savings! 48% of domestic savings are bank deposits; 14% are in insurance; pension and PF attract 14%; government dues gets 11%; and stock market get only 6%! Being more

oriented to family, conservative approach does not take risk in stock market. Family saving went up to 28% by 2008 and reached 37% by 2012. 38 lakh crore was bank deposits. In all cultured economy like India, Japan and other Asian countries, society shoulders the responsibility of social security. Japan did not spend even after applying charges for FD. Family driven economy emerges in family dependant society. Cultural inheritance is taken care of in India. Families are built by culture. Indian economy is basically a domestic driven economy. Indian women play pivotal role in it. During financial crisis, the Government of India appealed the NRI to purchase India development bond of 5 billion dollars. As a result of cultural inheritance, Indian spirit aroused and NRI could invest 6.2 billion dollars in India! Non-corporate sector employs 100 million people with just 5% bank finance. Even with 426 billion dollar foreign debts, 339 billion dollar current account deficit, and 300 billion dollar foreign exchange reserves, Indian economy is sustainable than that of America!

Economic Models

There are three economic models in the world. First is state-driven economic model which was adopted by Soviet Russia. This communist model is not only failed to perform; but also caused Russia to get scattered. Second is Equity-driven economic model which is being followed in America; and is already on the path of failure. Third is bank-driven economic model which is adopted in Germany, France, Italy, Spain, Japan, and Asian countries. This is the only time-tested proven economic model for sustainable social development.

Key Words: Culture, Economy, India, Inclusive development, Savings.

Introduction

In Global Economics paper:187, Goldman Sachs says “India will require 1.7 trillion dollars for infrastructure-development in the next 10 years. The rising savings rate and robust balance sheets should allow India to finance most of its infrastructure needs domestically. The domestic savings rate can reach 40% by 2016 and can be sustained at high levels over a decade. An excessive reliance on govt. spending or external financing can lead to boom and burst. The experience of other countries funding infrastructure needs suggest that sustainable model is to build on healthy balance sheet and the reliance on domestic savings channeled through long-term funds such as insurance and pension funds.” This statement gains more importance in the

context of analyzing the economical development of India. The domestic saving rate increases due to SHG and micro finance. SHG encourages rural population in general and women in particular to save money for future use. This saving habit is not a novel concept; rather it was the age old habit of India driven by cultural understanding of self and society.

Mahatma Gandhi's Idea of Economy

What was the dream of Mahatma Gandhi for the prosperous India? Gandhiji wanted the progress of rural India for stable economic development. He professed of small scale development in third world countries. He emphasized harmony with nature, reduction of material wants, village economic development, handicraft production, decentralized decision making and indigenous technology for sustainable Indian economy. With 69% of Indian population living in the rural area (5,58,989 villages), what is the actual contribution of LPG in the field of health, education, employment, agriculture and other areas? Millions of weavers, potteries, handicrafts, artisans of rural India have lost livelihood because of globalization. Asia, Africa, Latin America, East and Central European countries are considered to the developing countries. In these 193 countries, around 85% of global population lives. LPG has created economic inequality and islands of affluence in the world. It is observed that over 70 countries have lost their economic stability due to LPG. Rest is barely surviving economy. The rich and developed countries hardly have any interest in the development of Indian economy, except making huge profit from it. So, export oriented growth has to be changed to growth oriented export. Complex, confusing, cumbersome policies of LPG are proved to be inefficient to third world countries. In order to rebuild Indian economy, economists feel that internal liberalization to be practiced for at least two decades; after which external liberalization may be welcomed on conditions.

Decentralized Development through SHG – the best way

One of the major strengths of Indian economy is that it is based on the prudence of villagers. Our country has around 70% of villages and their occupation is agriculture and animal husbandry. Though they lack the so called 'formal higher education', their practical approach and skill of managing money is marvelous. They hardly depend upon stock markets. Their ignorance about stock market is bliss, as they reinvest their money on gold, land or developmental activities. Hence the major chunk of Indian population could blissfully be ignorant about stocks and shares, while be smart in reinvesting. It is because of SHG and micro

finance, every village is independent and free from the influence of international policy matters. The shocking reality of today is that all homely affairs are directly linked to international markets. All the positive and negative changes are directly reflected on the matter concerned to family. This centralized system seems to be heading towards a huge collapse or it may give rise to something totally different and better. Gandhiji's dream of India is to strengthen decentralized village-based economy for sustainable development.

How does culture influence on economy?

It is very much evident that the economy is the back bone of any national to tread in the path of development. But in order to achieve rapid economical growth, it is not enough to concentrate on economic matters alone. The tunnel vision for development does not seem to work any longer. There are living examples around the globe where too much focus on economic development alone ignoring the culture, resulted in big chaos. Unlike the US, India has been known for its cultural knowledge and traditional practices. Though it was considered to be a stumbling block for progress, now economists and sociologists in particular fervently feel that the conservative traditional approach has great strength in rebuilding the economical development from gross root level. One of the fascinating facts is that economic development does not necessarily flourish from the top sections of social order. Rather it is rooted in the vision of the layman. *Objective of life defines life-style. Life-style decides the habit. The habits decide savings, investment & expenditure.* India's cultural heritage has contributed for the setting the visions of life. The objectives of life are clearly stated in ancient texts. The visionary sages considered four objectives of life which are known as purusharthas. Being born as human, it is the bounden duty to achieve these four objectives in order to make life meaningful. These purusharthas include dharma (following the right path), artha (earning money through dharma) kāma (satisfying sensory pleasure), mokṣa (eternal freedom). Dharma refers to obligations and duties. In order to enjoy the privileges of society, one should be ready to discharge one's obligations which are due to him. This mutual understanding between individual and society is called by the term Dharma. Indian scriptures laid highest emphasis on the first and foremost goal of life because; it forms the basis of social stability through individual efforts. Secondly, artha – the economic strength. Financial firmness enables man to discharge his duty. Although it is one of the objectives of life, it becomes complete if only it is used for dhārmic causes. Thirdly, kāma – fulfilling sensory pleasures. Earning the living and enjoyment in life are given due priority. Both artha and kāma

are to be achieved within the boundaries of Dharma. Finally, mokṣa - salvation. At the end of life's journey, the finite soul should get merged into infinity. The final stage of evolution lies in liberating from bondage. The first three goals of life help man to establish individual identity whereas the final aim of life is the highest state of evolution. Integral vision of life will also impact on how we live, what our priorities are, and where do we spend our money, energy, time. This integral vision of life helps in the formation of economical habits which decide savings, investment and expenditure.

Which is good for economic development - Savings or Spending?

Time and again, western or so-called modern economists continued to stress upon achieving economical growth through spending. Even though the line of argument was appearing to be logical, it did not support sustainable development in a long run. The shopping model of economic growth gave instant development throughout European countries, but since the base was not strong, it is heading for a huge collapse. During the implementation of shopping model in the western economy, the eastern countries are heavily criticized for following conservative approach in changing times. Max Webber, a prominent social thinker of the west, came down terribly on Indian culture and its contribution to social development. He made his own remark, "Protestant society grows because it opens a person to entrepreneurship. Whereas Catholics cannot progress better. Hindu and Buddhists cannot develop economically unless they shy away their culture. India is functioning anarchy!" In spite of such criticisms, India continued to stress upon savings and micro finance. Consumerism proved to lead the country to social imbalance. The new realization is dawning upon the west not accustom people to easy life. It is not possible to maintain anymore. On the contrary, in spite of pro-consumerism policies from the government, cultural drive made Indian economy fundamentally strong. The contribution of micro finance and SHG in this regard is worthy of all praises. They have indeed created interest and gave a positive direction for rural India which was looking for sustainable development. It goes without say that but for SHG and micro finance, the majority of rural population would have been driven in the line of consumerism, which is a bane.

Self-maximization or Social-maximization

West had strongly advocated that Collective individual's selfishness produces greater prosperity; but produced greatest destruction. On the other hand, spirituality was the soul and

spirit of India. The widespread social concept of America is Self-maximization; whereas in India, it is social-maximization. Self-maximization advises individuals to progress ignoring the society. But social-maximization of India stands in the meaning of self development by contributing to the societal growth. Mahatma Gandhi was of the opinion that consumerism would fail in due course of time as it lacks the strong philosophical foundation. According to the in-depth analysis of the economists, the cultural degeneration of the west was one of the main causes for economic recession in 2008. Whereas, Indian economy is said to be strong due to the phenomenal contributions made by SHG and micro finance. They help the poor to rise above the poverty line.

SHG and micro finance – foundations of sustainable and Inclusive development

Although SHG and micro finance appear to be small in size, their contributions to sustainable development is phenomenal. They do not confine themselves economic activities, but they build human relations too. Sustainable development is that which maintains the society on the track of development for a long run. In order to materialize the concept of sustainable development, it is important to initiate the activities which build human relations and economic growth. SHG and micro finance provide such a wonderful platform to share and care the fellow citizens and helps build human relations. Contract based societies have corned human relationships in economic activities. This has resulted in lop-sided development of economy. But through SHG and micro finance, human relationship and bondage is build which in turn contributed to the economic development as well. SHG and micro finance proved to be tools of sustainable development by encouraging enduring economic activities which construct strong Social fabric founded on philosophic ideas. SHG and micro finance needs to spread its wings to all the nooks and corners of villages, so that India can progress better with inclusive approach. Higher the inclusion of public into systematic economic activities, greater the growth rate of India. Through Jan-dhan Yojana government has initiated the process of economic inclusion. SHG and micro finance needs more support to create awareness among rural India and to attract positive involvement of public. SHG and micro finance would help India rise from the gross root level. In the near future, India will witness integral sustainable development contributed by SHG and micro finance.



Reference Books

- ✓ *Corporate Governance and Sustainability* – Dr Suman Kalyan Chaudhury – Discovery publishing house pvt. Ltd. Delhi. – 2012. ISBN 978-93-5056-057-0.
- ✓ *Poverty and economic reforms in India* – Dr R Jain – Sublime publications, Jaipur - 2011. ISBN 978-81-8192-208-3.
- ✓ *Trade liberalization and industrial productivity in India* – Keerthi Ranjan Paltasingh, Asis Kumar Senapathi – New Century publications, Delhi. 2011 – ISBN 978-81-7708-284-5.
- ✓ *Economic development* – E Wayne Nafeiger – Cambridge University press. 2012. ISBN 978-0-521-76548-0.
- ✓ *Human development in India* – B Suresh Lal – Serials publications, New Delhi. ISBN 978-81-8387-244-7.
- ✓ *Globalization and development; experiences and challenges* – Debendra K Das – Deep and deep publications, New Delhi. ISBN 978-81-7629-051-3.
- ✓ *Labour under globalization* – K Chitra – Abhijeeth publications, Delhi. 2009. ISBN 978-93-80031-39-2.
- ✓ *Globalization and labours law* – Muralidhar Majhi – Manglalus publications, Delhi. 2010. ISBN 978-93-80013-64-0.
- ✓ *Clyde Prestowitz, Three billion new capitalists: the new shift of wealth and power to East.* ISBN-10: 0465062814.
- ✓ *Globalization, fundamentalism and terrorism* – K.M.Sajad Ibrahim – Abhijeeth publications, Delhi -2012. ISBN 978-93-81136-74-4.

Journals:

- Finance India – Indian Institute of Finance, Noida, Uttar Pradesh. ISSN 0970-3772.
- Indian journal of economics and business – serial publications, Delhi. ISSN 0972-5784.
- Artha Suchi – National Council of applied economic research, Delhi.
- Environment and development economics – the beijer institute of ecological economics, Royal Swedish academy of science, USA – ISSN1355-770X.

Indian Journal of History and Archaeology

ISSN (E): 2582-225X, Vol-1 Issue 1, May-June 2019

- Indian journal of industrial relations; A review of economic and social development – New Delhi. ISSN 0019-5286.
- International journal of applied economics and econometrics – Bangalore – ISSN 0971-8281.
- Southern economist – Delhi – ISSN 0038-4046.
- India economy review – capital market, Mumbai.
- The analyst – ICAI university press, Hyderabad. ISSN 0972-5083.
- Journal of social and economic development – Bangalore – ISSN 0972-5792.
- Foreign trade review – USA – ISSN 0015-7325.
- Indian journal of finance – Delhi – ISSN 0973-8711.
- South Asia Economic Journal – USA. ISSN 1391-5614 (OL-0973-077X)
- Asia-Africa journal of economics and econometrics – Delhi – ISSN 0972-3986.
- Indian journal of marketing – Delhi – ISSN 0973-8703.