

“From Arthashastra to Algorithms: Reviving Indian Knowledge for a Resilient Financial Future”

**Dr. Prakruthi N Udupa, Associate Professor, Department of MBA & Research Centre,
Surana College (Autonomous)**

India's financial system is changing at a fast and energetic pace with digitalization, fintech innovation, and policy reform. Through this transformation, the Indian Knowledge System (IKS) provides enduring economic and moral insights that can be purposefully combined to express a more sustainable, inclusive, and resilient financial future. Drawn from ancient texts such as the *Arthashastra*, *Manusmriti* and traditional practice of Indian communities, IKS provides rich contextualized knowledge on finance, which highlights ethics (*Dharma*), creation of wealth (*Artha*), longevity, and welfare of society. Unlike most modern financial systems that aim for short-term gains, IKS aims for long-term value, ethical wealth creation, and social well-being. These values are particularly relevant at present because India is endeavouring to address problems of financial exclusion, economic inequality, and environmental degradation. Through reinterpretation of ancient models—decentralized community financing, temple-based economic supervision, and trust-based lending networks—IKS presents building blocks that naturally converge with the objectives of financial inclusion, ethical banking, and ESG investing.

The strength of one of IKS's principal pillars is its focus on ethical behaviour and fiscal responsibility. Ancient lending, taxing, and risk management systems were based on accountability, responsibility, and transparency, which are what modern financial systems are seeking to codify into regulation. India's ancient system of *hundi*, for instance, is similar to contemporary credit instruments and can be leveraged in developing blockchain-based smart contracts that rely on accountability and trust. Likewise, rotating credit associations such as chit funds and mutual support groups, which remain active in rural communities, are forerunners of today's microfinance organizations and peer-to-peer lending platforms. Time-honoured models promote saving, minimize reliance on formal banks, and enhance economic resilience—particularly among marginalized populations. IKS also improves financial literacy through cultural storytelling and teaching. Education about financial conduct in the form of stories in the *Panchatantra*, *Jataka Tales*, and epic tradition assists values such as savings, self-restraint, and justice to be transmitted across various communities, enabling behaviour modification and grassroots economic empowerment.

Apart from its moral and utilitarian foundations, IKS offers valuable lessons for future public finance, including sustainable investment and climate-resilient growth. Ancient economic thought promoted balanced budgeting, accountability in the public sector, and long-term planning principles that are central to designing contemporary fiscal policies and financial regulations. The interweave of sustainability, evident in the classical emphasis on living in harmony with nature, inspires the future development of green finance, sustainable infrastructure investment, and climate-resilient economic policy. In addition, as India builds its digital economy, IKS values and organization can be used to guide ethically applied algorithms, AI, and big data in financial decision-making. Clear, participatory, and trust-based financial technologies can neutralize threats from exploitative or de-personalized systems.

In conclusion, the Indian Knowledge System is not a relic of the past but a living model that has the potential to enrich and guide the direction of India's financial progress. With its blending of ancient wisdom and contemporary innovation, India can create a monetary system that not only keeps up with the rest of the world but is ethical in its construction, socially inclusive, and distinctly Indian.