



Integrating *Yoga Vāsishtha* Concepts Into Behavioral Finance: A Theoretical Framework For Improved Stock Market Decision-Making

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Abstract: Investor behavior is often impacted by emotional and cognitive biases, influencing financial outcomes. This paper proposes that key concepts from the *Yoga Vāsishtha*—*vairāgya* (detachment), *upaśama* (mental calmness), and *viveka* (discernment, ethical discrimination)—offer a novel framework to enhance investor psychology and decision-making in stock markets. Using qualitative conceptual analysis, it integrates ancient yogic philosophy with contemporary behavioral finance. These principles provide practical tools for emotional balance, improved rationality, and ethical investing. This interdisciplinary approach aims to strengthen investor self-regulation and promote sustained long-term success.

Index Terms - Component, formatting, style, styling, insert.

I. INTRODUCTION

The stock market has always fascinated people with the promise of quick money. It's a complex and fast-paced environment where greed and fear heavily influence the decisions of millions of investors worldwide. Although wealth gained from the stock market varies among individuals, research shows disciplined and knowledgeable investors usually achieve steady, modest gains. However, the effective psychological approaches leading to consistent stock market success remain inadequately defined, which calls for further academic study.

Investors are frequently drawn to attractive, yet often deceptive, propositions, leading to significant financial losses. Even with many available analysis tools and educational programs, many retail investors still experience high failure rates. For instance, in India, an estimated 90% of individuals investing in the stock market either incur losses or fail to achieve consistent profitability (Mustafa et al., 2024, 41-49) (Nepali, 2024, 1-5). This trend persists even with the growing accessibility of advanced technologies, including artificial intelligence, and a wide array of both free and paid advisory services, such as digital content found on platforms like YouTube.

Success in investing requires discipline, mindful detachment (*vairāgya*), clear judgment (*viveka*), and emotional control. These traits take time and effort to develop, not quick lessons or short courses (Mustafa et al., 2024, 41-49; Lucks, 2016; Nankani, 2025; Naseem et al., 2021; Nepali, 2024, 1-5; Rashid & Tariq, 2021; Widyatno et al., 2023, 1-6).

This paper argues that the *Yoga Vāsishtha*, a classical Indian philosophical text and foundational Advaita Vedānta scripture, offers a profound framework for developing essential investor qualities. It provides extensive guidance on mental equanimity (*upaśama*), ethical detachment (*vairāgya*), and discriminative wisdom (*viveka*).

The *Yoga Vāsishtha* is structured into six chapters: *vairāgya* (Dispassion), *mumukṣu vyavahāra* (Conduct of spiritual seeker), *Utpatti* (Creation), *Sthiti* (Preservation), *upaśama* (Cessation of Mental Disturbance), and *nirvāṇa* (Nirvana, Liberation) (Shastri et al., 2005). Beyond emotion management, it also provides principles for success in any field, including the stock market, through *śama* (Self Control), *santoṣa* (Contentment), *vicāra* (Self Inquiry), and *sadhu-saṅga* (Company of Holy Ones).

These philosophical tenets align strongly with contemporary behavioral finance insights, which emphasize mindfulness and emotional regulation in optimizing investment decisions (Gautam & Kumar, 2021). Therefore, this theoretical investigation explores the applicability of *Yoga Vāsishtha*'s principles in building an integrated framework to enhance investor rationality, emotional resilience, and sustained success in the stock market.

I. RESEARCH METHODOLOGY

- a. This theoretical qualitative study explores the relationship between the psychological principles of *Yoga Vāsishtha* and investor behavior, focusing on achieving stock market success. Due to the interdisciplinary and innovative nature of this subject, the methodology prioritizes in-depth textual analysis and comprehensive conceptual synthesis over empirical data collection.

Figure 1 presents the conceptual framework developed in this study, which integrates key psychological principles from the *Yoga Vāsishtha* (*upaśama*, *vairāgya*, *viveka*) and its four gatekeepers (*śama*, *santoṣa*, *vicāra*, *satsang*) with behavioral finance concepts. This integration aims to enhance emotional regulation, reduce errors in thinking, and foster rational decision-making, ultimately leading to improved investor behavior and long-term investment success. The model establishes a systematic foundation for the qualitative thematic synthesis undertaken.

2. Data Sources

- a. Our research primarily draws upon classical Sanskrit texts, particularly the *Yoga Vāsishtha*. We will focus on passages that explain psychological stability concepts such as *upaśama* (mental equanimity), *vairāgya* (detachment), and *viveka* (discriminative wisdom). Additionally, we will integrate secondary sources, including peer-reviewed literature on behavioral finance and investor psychology, along with interdisciplinary studies connecting yoga philosophy with emotional regulation and decision-making.

3. Analytical Framework

- a. This research employs hermeneutic and thematic analysis to interpret and synthesize philosophical insights from the *Yoga Vāsishtha*. Hermeneutic analysis contextualizes ancient scriptural concepts within modern psychological frameworks. Thematic analysis identifies key psychological constructs pertinent to investor discipline, emotional regulation, and rationality, systematically organizing these alongside empirical findings in behavioral finance.

4. Rationale for Theoretical Qualitative Approach

- a. Connecting *Yoga Vāsishtha* to stock market investing requires a theoretical and interpretive approach, as direct empirical studies are currently unavailable. This method allows for the creation of a conceptual framework by drawing relevant comparisons between classical philosophy and modern financial theory. Additionally, it encourages the blending of different knowledge areas, leading to fresh insights and possibilities for future empirical research.
- b. Due to temporal limitations and the difficulty in obtaining dependable data, an empirical investigation was not feasible. Therefore, this paper is founded upon theoretical perspectives and secondary sources.

The methodology section outlines the plan and method that how the study is conducted. This includes Universe of the study, sample of the study, Data and Sources of Data, study's variables and analytical framework. The details are as follows;

IV. RESULTS AND DISCUSSION

This study reveals a strong connection between the psychological stability principles of the *Yoga Vāsiṣṭha*—specifically *upaśama* (mental calmness), *vairāgya* (detachment), and *viveka* (discriminative wisdom) (Shastri et al., 2005)—and the crucial behavioral traits required for sound stock market investment decisions. These ancient yogic teachings, the findings indicate, align closely with modern behavioral finance theories that address the emotional and cognitive hurdles investors encounter.

Figure 1 presents an integrative framework that merges ancient yogic psychological teachings, specifically from *Yoga Vāsiṣṭha*, with modern behavioral finance principles. This framework illustrates how mental calmness, ethical detachment, and discriminative wisdom contribute to emotional regulation and disciplined thinking. These qualities, in turn, help to mitigate biases and improve investment decision-making. The four gatekeepers further reinforce these positive behavioral effects.

1. Cultivating *upaśama*, a tranquil and composed state of mind, is particularly advantageous in the unpredictable world of financial markets. *Yoga Vāsiṣṭha* eloquently describes the qualities of an *upaśama* individual in verse 5.74.28.

परं धैर्यमुपादत्ते स्थैर्यम मेरुर्वाञ्चलः ।

राजते स्वच्छया लक्ष्म्या शान्तेन्धन इवाञ्जलः॥ २८ ॥

param dhairyam upādatte sthairyam merur ivā'calah |

rājate svacchayā lakṣmyā śāntendhana ivā'nalah || 28 ||

He adopts supreme courage; his steadiness is like the immovable Mount Meru.

He shines with pure prosperity, like a fire burning with tranquil fuel.

Emotional steadiness can help investors avoid reactive behaviors like panic selling or impulsive buying during volatile market conditions, allowing them to stick to rational investment strategies more consistently (Irfan et al., 2023).

2. *Vairāgya*, or ethical detachment from outcomes, is crucial for investors. It enables them to maintain focus on long-term objectives, free from the influence of short-term market volatility. As verse 5.93.3 confirms, an individual endowed with dispassion (*vairāgya*) is enriched with numerous virtues, including self-control and sense-control.

किञ्चित्प्रौढ विचारं तु नरं वैराग्यपूर्वकम् ।

संश्रयन्ति गुणाः शुद्धाः सरः पूर्णमिवाण्डजाः ॥ ३ ॥

kiñcit prauḍha vicāraṁ tu naraṁ vairāgyapūrvakam |

saṁśrayanti guṇāḥ śudvāḥ saraḥ pūrṇam ivāṇḍajāḥ || 3 ||

A man endowed with a mature and profound discrimination born from dispassion—pure qualities naturally take refuge in him, like the yolk in a fully formed egg.

This principle promotes a more balanced and less emotionally charged approach to investment decisions by reducing biases such as loss aversion and herd mentality (Nankani, 2025;).

3. *Viveka*, or discriminative wisdom, is crucial for investors as it sharpens their ability to critically assess information, discern valuable insights from irrelevant data, and make sound judgments. As stated in verse 2.17.1, an individual possessing *Viveka* is considered great.

एवमन्तर्विवेको यः स महानिह राघव ।

योग्यो ज्ञानगिरिः श्रोतु राजेव नयभारतीम् ॥ १ ॥

evamantarviveko yaḥ sa mahān ih rāghava |

yogyo jñānagiraḥ śrotu rājeva nayabhāratīm || 1 ||

He who has such inner discrimination is indeed the great Raghava (Rama);

He is worthy, like a mountain of knowledge, to hear the conduct and teachings of a king.

This aligns with the necessity for analytical precision in financial choices, helping to lessen cognitive biases and impulsive speculation. (Charles & Kasilingam, 2016, 297-311), (Cochard et al., 2019, 196-208)

4. The chapter on *mumukṣu vyavahāra* (*Conduct of a spiritual seeker*) details four gatekeepers essential for success in one's chosen field. These gatekeepers and their significance are outlined below (Shastri et al., 2005, 2.16.18-20).

सन्तोषः साधुसङ्गश्च विचारोऽथ शमस्तथा ।

एत एव भवाम्भोधवुपायास्तरणे नृणाम् ॥ १८॥

सन्तोषः परमो लाभः सत्सङ्गः परमा गतिः ।

विचारः परमं ज्ञानं शमो हि परमं सुखम् ॥ १९॥

चत्वार एते विमला उपाया भवभेदने ।

येरभ्यस्तास्त उत्तीर्णा मोहवारिभवार्षावात् ॥ २० ॥

ṣantoṣaḥ sādhusaṅgaśca vicāro 'tha śamastathā |
 eta eva bhavāmbhodhāvupāyāstarāṇe nṛṇām || 18||
 ṣantoṣaḥ paramo lābhaḥ satsaṅgaḥ paramā gatiḥ |
 vicāraḥ paramaṁ jñānaḥ śamo hi paramaṁ sukhām || 19||
 catvāre te vimalā upāyā bhavabhedane |
 yerabhyastāst uttīrṇā mohavāribāravārṇavāt || 20||

- Contentment, the company of the virtuous, reflection, and self-control—these very means serve as the refuge for humans to cross the ocean of worldly existence. (18)
- Contentment is the highest gain; good company is the supreme goal; reflection is supreme knowledge; indeed, self-control is the highest happiness. (19)
- These four pure methods help one cross the different states of worldly existence; whoever practices them becomes victorious over the ocean of the waves of delusion. (20)

5. Application of four gatekeepers in making investment decisions

- Self-control** is observed to correlate with reduced investment errors. (Lucks, 2016; Bai & Khan, 2023; Widyatno et al., 2023). This leads to more rational and consistent decision-making.
- Contentment** - Investor sentiment can significantly influence investment behavior, thereby impacting overall investment outcomes. Investor contentment is a crucial psychological factor that can affect investment decisions. (Wenyan, 2025) (Elshqirat, 2024, 1-23)
- Contemplation, Self-Inquiry** - Research has demonstrated that psychological reflection and emotional regulation influence investor behavior during periods of crisis, underscoring the significance of introspective awareness for optimal decision-making. Furthermore, self-reflective contemplation has been shown to enhance financial planning and mitigate impulsive behavior. (Naseem et al., 2021) (Harkin, 2017)
- The Influence of Learned Peers on Investment Decisions** - Humans are inherently social beings, and their decisions are undeniably shaped by their associations. It is a well-established adage that an individual is defined by the company they keep. Similarly, in the stock market, investors are significantly influenced by the opinions of their peers. Proximity to experts and knowledgeable investors increases the likelihood of more accurate investment decisions (Hong et al., 2004, 137-163; Kaustia & Knüpfer, 2012, 321-338; Raut et al., 2018, 1-16).

These principles collectively present a holistic approach that encompasses not only emotional regulation but also the ethical and cognitive aspects of investment. In contrast to conventional behavioral finance models, this framework originates from a holistic philosophical tradition that incorporates self-knowledge and mental discipline, thereby equipping investors with instruments for profound self-regulation and enduring prosperity. This study introduces an innovative, interdisciplinary framework that unifies classical Indian philosophy (Yoga Vāsiṣṭha) with contemporary behavioral finance. This comprehensive methodology transcends traditional psychological and financial paradigms to confront the emotional and cognitive impediments faced by investors. The integration not only augments the theoretical foundations of behavioral finance but also introduces culturally-attuned practices rarely incorporated into mainstream investor education.

This study underscores the potential practical benefits of integrating the psychological principles of *Yoga Vāsiṣṭha* into investor education, thereby fostering mindfulness, resilience, and ethical conduct. While this theoretical framework establishes crucial groundwork, further empirical research is necessary to validate the efficacy of these principles in improving investor behavior and market outcomes.

Conclusion

This study explores the significant connection between the enduring psychological principles of the Yoga Vāsiṣṭha—specifically mental calmness (upaśama), detachment (vairāgya), and discriminative wisdom (viveka)—and the essential behavioral traits necessary for sound stock market investment decisions. The analysis demonstrates a strong correlation between these ancient yogic teachings and modern behavioral finance concepts, which address the intricate emotional and cognitive hurdles investors encounter.

In the unpredictable realm of financial markets, the principle of upaśama, or a tranquil and composed mindset, is crucial. Verse (5.74.28) highlights this, comparing an investor's steadfastness to the unwavering Meru mountain, radiating serene prosperity. This emphasizes the need for emotional regulation to prevent impulsive actions like panic selling or buying, thus supporting adherence to sound investment strategies.

Furthermore, ethical dispassion (vairāgya) regarding market outcomes fosters resilience against short-term volatility and diminishes cognitive biases such as loss aversion and herd mentality. Verse 5.93.3 highlights that this dispassion leads to mature discernment, drawing in pure qualities like the yolk protected within an

egg. This detachment enables investors to remain focused on long-term goals, unswayed by emotional turbulence.

Moreover, viveka, or discriminative wisdom, refines critical evaluation skills, empowering investors to discern valuable insights amidst market noise and make sound decisions. The reverence for viveka in verse (2.17.1) underscores the analytical discipline necessary to counteract behavioral biases and speculative urges. These four additional virtues—santoṣa (contentment), sādhu-saṅga (company of the virtuous), vicāra (reflective inquiry), and śama (self-control)—play a complementary role in strengthening this integrative framework. They cultivate emotional resilience, highlight the need for social connection, and promote introspective awareness in investment practices. Modern empirical research supports the substantial impact of these qualities on investor behavior and market results.

This research significantly advances the field of behavioral finance through the introduction of a novel conceptual model derived from the philosophical tenets of Yoga Vāsiṣṭha. This model furnishes practical strategies for enhanced self-regulation, emotional mastery, and judicious decision-making. The proposed methodology offers substantial practical advantages for investor education, endowing participants with established contemplative practices and ethical frameworks that fortify their resilience against cognitive biases and market volatility. By providing investors with both psychological acumen and profound philosophical understanding, this study establishes the groundwork for developing extensive investor education programs that cultivate sustained prosperity and holistic well-being.

Future empirical investigations are crucial to rigorously validate this integrative approach. These investigations will operationalize Yoga Vāsiṣṭha-inspired interventions specifically designed for financial decision-making environments. Such interdisciplinary research holds the promise of deepening our understanding at the intersection of ancient wisdom and contemporary finance. Ultimately, this will enrich both behavioral finance theory and practice by incorporating enduring philosophical perspectives.

The integration of the enduring psychological principles of Yoga Vāsiṣṭha into behavioral finance offers a promising, scalable, and culturally adaptable framework. This approach holds significant potential to enhance investor education and resilience across diverse global financial landscapes, thereby directly addressing the universal challenges investors encounter in emotional regulation and rational decision-making.

Figures and Tables

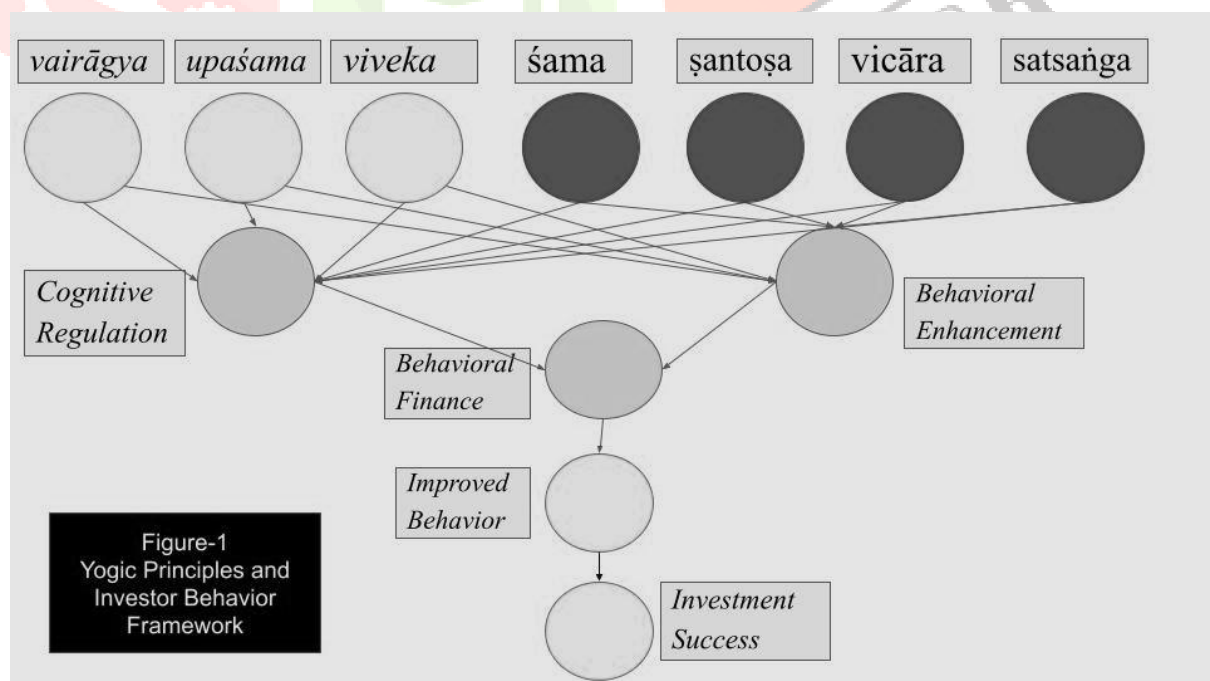


Figure - 1

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