

Show me the money

Learn to digest your wealth

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Wealth is like a river. Please let it flow. The moment you hoard it instead of 'digesting', it becomes poison.

By all means, save and spend on your self and your near and dear ones. But also give it back to the society and community from whom you have earned it.

One of the biggest business houses in our country have spent heavily on community and society. They have built hospitals, research centres, given away scholarships, etc. This business house is still undivided and highly respected. On the other hand, there are other business families which only hoarded wealth for themselves and have split.

This just illustrates one thing : The way undigested food gets thrown out of any system, undigested wealth will also get thrown out in some way or the other.

India, as a country, is in the 'wealth-accumulation' stage right now. Salaries are going up. So are returns from the stock market, gold and even property.

Wealth which had migrated from India to western economies centuries ago is now coming back. We've come a full circle. However, the big question is whether we will be able to digest this wealth.

It has been often observed that wealth brings materialism along with it. People want branded clothes, expensive cars and luxury holidays. Many of these things are pursued because it gives 'status'. This is where the issue of wealth (in)digestion arises!

Do we want to get recognised because of our knowledge, skills, experience, character, love, compassion, ethics, honesty, etc Or do we want to get recognised because we wear branded shirts, move in premium cars and travel aboard?

As a planner, it has become routine for me to meet individuals who want luxury cars just because it suits their 'designation', rather than a small-sized car. In fact, people consider it 'middle class' to go to Mahabaleshwar for vacation. Further, for such people, a good restaurant is not where you get good quality food, it's one where you pay higher prices!

By all means, go abroad for vacations. But don't do this because you are worried about what people will think if you don't go. It may seem funny but even highly knowledgeable, intelligent people fall for such 'status'. They forget that their own valuable skills will get them recognition and not some materialistic substances.

The biggest problem with this mindset is that a person loses individuality when s/he starts relying on external substances. Their existence is dependent on their car or the clothes they wear. The moment one starts depending on external factors, one's insecurity increases. More the insecurity, more the materialistic substances needed. It's a vicious cycle where you will become a slave of external substances.

To check whether you have already fallen for this 'status' mindset or not, just consider the following hypothetical situation: Assume you own a big car which you are thinking of changing. You have funds available to buy the same model or an even more expensive car. However, you also know that your needs can be sufficed with a small car like a Zen, Santro or Indica. Now, will you buy the small car, the same one you have or something even more expensive? Please be honest to yourself while answering this question.

Remember the age-old saying: "Measure wealth not by the things you have, but by the things you have for which you would not take money."

- Mashruwala is an expert financial planner whose take on personal finance will appear here every fortnight