

Economic Thoughts of Dr. Ambedkar

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Abstract:

Dr. Ambedkar is one such great leader, thinker and intellectual of his time in India who has not only changed the life of millions of untouchables but also shaped India as the biggest democratic nation in the world by writing constitution. What are well known to all of us about Ambedkar are his efforts towards elimination of caste system in India. But what is not known to many of us about Ambedkar is his economic thoughts and contribution to our country. Hence, a detailed deliberation about his contribution to Economics, more particularly to Indian economy is the need of the hour.

Keywords: Economy, Strategy, Development, Agriculture, Currency System, Land Reforms, Nationalizations, Taxation, Social Justice, Planning.

Introduction:

“History shows that where ethics and economics come in conflict, victory is always with economics.”

-B.R. Ambedkar

“Ambedkar is my Father in Economics. He is true celebrated champion of the underprivileged. He observes more than what he has achieved today. However he was highly controversial figure in his home country, though it was not the reality. His contribution in the field of economics is marvelous and will be remembered forever..!”

-Amartya Sen (Noble Prize

winner)

One of the multidimensional personalities, Bharat Ratan Dr. Bhim Rao Ambedkar has made a significant contribution to the Indian economy. Ambedkar was popularly known as “Father of Indian Constitution” but his role as an economist was not so much popular. He was a veteran student of economics. For his thesis on ‘Ancient Indian Commerce’ he got his M. A. degree, M. Sc. (London) for his thesis on ‘The Evaluation of Provincial Finance in British India and Post-doctoral degree of D. Sc. for his thesis on ‘Problem of the Rupee’. Owing to his keen interest in the economy and economics he worked as a professor of economics at Sydenham College of Commerce & Economics, Mumbai in early 1930’s. His economic thoughts on agriculture and land reforms in India, Indian Currency System, Taxation Policy, Industrialization, Market Economy, Population Control, and Strategy for Economic Development, etc are noteworthy. His work “The Problems of the Rupee” was considered as an instructive treatise. He was of the opinion that closing of the mints would prevent inflation and disturbances in the internal price level. The Times (London) described the book as an “Excellent Piece of Work. English Stylish is Easy and his Knowledge of Subject obviously very full”.

Ambedkar strongly believed that the fundamental cause of backwardness of Indian Economy was the delay in changing the land holding system. According to him the solution was democratic

collectivism that entails economic efficiency, productivity and overhauling the village economy of India. He never liked Zamindari System. His idea of economic realism sought both freedom and welfare.

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Objectives: The paper aims at studying the following objectives

- To analyze the role of Dr. B. R. Ambedkar as an economist of the country.
- To focus on the major economic ideas of Ambedkar.
- To know the impact of his economic thoughts on Indian economy.
- To study the relevance of Ambedkar's Economic Ideas in the present economy
- To generalize some conclusion.

Methodology:

The paper is prepared on the basis of published information. Information is collected from the books, Journals, University Publications, Magazines and Research Articles of the Research Scholars. Information is also collected through the different websites.

Dr. Ambedkar had deep knowledge of various economic policies and its implications on the economy. The major contributions of Ambedkar to the principles of Economics can be analyzed as follows:

1. Currency System:

Dr. Ambedkar had a unique idea regarding currency and mintage system. He was against of linking rupee with gold and recommended establishment of managed and fully inconvertible currency system. In his words "it is much better to introduce a currency system which will do away with the exchange standard and also the gold standard reserve". Ambedkar was of the opinion that the pure gold standard leads to substantial amount of gold for unproductive uses. But under gold exchange standard the medium of exchange comprises only paper money which is convertible at fixed rates with gold and authorities back it up with foreign currency reserves of such countries as on the gold standard. Ambedkar vehemently criticized Keynes and other supporters of the gold exchange standard and argued in favour of modified gold standard.

In his evidence before the Royal Commission on Indian Currency and Finance (1925), Dr. Ambedkar proposed a few steps for the reform of Indian Currency System:-

- Stop the coinage of rupees by closing the mints of the Government as they are to public.
- Open the gold mint for the coinage of a suitable gold coins.
- Fix a ratio between gold coin and the rupee.
- Rupee not to be convertible into gold and vice-versa, but to circulate as unlimited legal tender at the ratio fixed by the law.

Dr. Ambedkar favoured the gold currency and wanted to close down the mint system as it would eradicate inflation and imbalances in internal payments.

2. Land Reform Measures:

Ambedkar's main economic contribution was related to land holding system in India. He criticized the existing definition of economic holding which was defined from the point of view of consumption rather than that of production. According to him "any definition, therefore, that leans on consumption mistakes the nature of an economic holding which is essentially an enterprise in production. What is more important for the purpose of production is the process of combining the factors of production". The major drawback of agriculture in India was failure to create surplus which ultimately led to scarcity of capital. Owing to the factor of low agricultural productivity, the process of overall economic growth was adversely affected. Ambedkar was of the opinion that the process of consolidation of holding could eradicate the evil effects of uneconomic holding and uplifts the welfare of the cultivators. He has also explained the favourable effect of industrialization on Indian agriculture sector. As he said "industrialization facilitates consolidation. It is a barrier against future subdivision and consolidation".

Ambedkar was against of control of land holdings by a few people. He was of the opinion that the state should acquire all the agricultural land held by private owners. The government should distribute the land required by the farmers in rural areas as per the standard size.

3. Mechanism of Labour Disputes:

To control capitalism, Ambedkar supported Trade Union Movements and their strikes in India. He has advocated for 'Labour Participation in the Management' of industries. He has given priority to joint councils, employment exchange and the facility of earned leave for permanent workers, welfare activities, conciliation, trade disputes, etc. According to him industrial peace would prevail if these are based on social justice. He proposed for 5% to 6% reservation for SC's in central government. He helped the untouchable students willing to take technical education in foreign countries. At the time of inaugural address to the Conference of the Regional Labour Commission, Dr. Ambedkar said that "three things are necessary to prevent industrial disorder viz. machinery for conciliation, amendment in Trade Dispute Act and minimum wage legislation. The industrial peace could be realized if it was based on social justice".

4. Taxation Policy:

In his 'Swatantra Majadur Party' in 1936, Ambedkar expressed his ideas on taxation policy. He opposed Land Revenue System and Land Tax System as it would be burden on poor sections of the society. He suggested the following principles of taxation:

- Tax should be imposed on payers' capacity and not on income.
- Tax should be less on poor's and more on riches.
- Tax exemption should be given up to certain limit.
- There should be equality between different sections in tax imposition.
- Taxation should not adversely affect the standard of living of the people.

5. State Management:

Dr. Ambedkar prioritized the nationalization of economy. He was of the opinion that state should manage the economy that the production will reach the optimum level and the benefits should not be taken away by the capitalist. The benefits must be distributed by the state on equitable basis. He was in favour of the progressive transformation of society, removing glaring social and economic inequalities

which are due to capitalism. He was a staunch believer of socialism. As he said “State Socialism is essential, for India’s industrialization. Private economy cannot do so and if it makes an attempt it would give way to economic disparities, as it can be visualized in the case of Europe. It is warning bell for India”.

6. Nationalization of Industries:

In the view of Ambedkar development of India is not possible without industrialization. Industries are helpful for creating huge employment opportunities and large scale production of goods and services. It utilizes raw-materials, reduces foreign dependence and provides security to labours, finally leads to the overall economic development of the country. According to him the large-scale industries are to be under the control of the government and small-scale industries are to be reserved for private sector. The insurance and transport companies should be nationalized.

7. Finance Decentralization:

Dr. Ambedkar showed how centralization of government finance in India during 1833 to 1871 was failure due to the defective fiscal system of heavy taxes and extravagant expenditure. There was no co-ordination between the imperial government and the provincial government in preparing and implementing taxation policy. On account of his efforts, the major fiscal reforms were introduced in 1921 in India with minimum defects.

8. Free Market Economy:

Dr. Ambedkar has emphasized the LPG policy long back in 1923, but the government implemented this policy in 1991 in India. He was of the opinion that the free market economy is very much necessary for maintaining stability in rupee value and thereby internal economic stability.

9. Family Planning Policy:

Ambedkar was of the opinion that to manage the economy control of population is the basic requirement. Therefore, he forcefully argued for population control and family planning in India. But unfortunately, Govt. of India has implemented Family Planning Measures since 1952.

Besides these ideas, Dr. Ambedkar has highlighted his economic views on various other aspects like human resources, women empowerment, democratic socialism, etc.

Conclusion: Dr. Ambedkar was a strong advocator of burning economic issues of those days. The contribution of Dr. Ambedkar may be divided in three parts: As a student and teacher of economics, a parliamentarian and a social reformer. He contributed in field of economic development mainly from Indian point of view. As a student and teacher of economics, he contributed in important professional journals in the form of books and monographs published from the standard publishers and through his discussions in several seminars and conferences and deliberations with various committees and commissions especially on economic reforms. His first published paper related to land reforms, farming techniques, agriculture-industry linkages and limitation of agriculture on employment generation and poverty alleviation. He added the relevance of industry in economic development of India on the line of Lewis and Rains – Fie. He strongly advocated for shift of labours from rural sector and absorb in growing industrial sector. In addition, reforms in agriculture sector, through collective farming and mechanization can absorb surplus rural labour force and again generate national income for further

investment. He further suggested for a couple of economic reforms especially in rural region i.e., liberal, re-distributional organization. He wanted freedom for all and opposed slavery and federal system. His argument on land reform measures, currency system, taxation system, decentralization of finance, labour policy, socialistic order of the society, etc. are the policies which are relevant even in the present economic system and to be implemented for the rapid development of our country and improvement of the welfare of the general public.

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