

## A Study of Dr. Ambedkar's Thoughts on Indian Economy and its Impact on Reforms

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### Abstract

Dr Bhim Rao Ambedkar is celebrated as the “Father of Indian Constitution,” and found economics closest to his heart. Ambedkar was a keen student of economics. He got his MA for his thesis on ‘Ancient Indian Commerce’ and MSc (London) for his thesis on ‘The Evolution of Provincial Finance in British India’ and DSc for his thesis on ‘The Problem of the Rupee’. He was a Professor of Economics in Mumbai’s Sydenham College in the early 1930s. His work “The Problem of the Rupee” was considered an instructive treatise. He wrote that closing of the Mints would prevent inflation and disturbances in the internal price level. He advocated that the standard of value should be gold and the elasticity of currency should come from this source. That great scholarship and hard work had gone into this book is evidenced by the rave reviews Ambedkar received from the British Press.

**KEYWORDS:-** Economics, Labour, currency, capital, caste

### Introduction:

Dr Bhim Rao Ambedkar is celebrated as the “Father of Indian Constitution,” and found economics closest to his heart. Ambedkar was a keen student of economics. He got his MA for his thesis on ‘Ancient Indian Commerce’ and MSc (London) for his thesis on ‘The Evolution of Provincial Finance in British India’ and DSc for his thesis on ‘The Problem of the Rupee’. He was a Professor of Economics in Mumbai’s Sydenham College in the early 1930s. His work “The Problem of the Rupee” was considered an instructive treatise. He wrote that closing of the Mints would prevent inflation and disturbances in the internal price level. He advocated that the standard of value should be gold and the elasticity of currency should come from this source. That great scholarship and hard work had gone into this book is evidenced by the rave reviews Ambedkar received from the British Press.

The Times (London) described the book as an, “excellent piece of work. English style is easy; and his knowledge of his subject obviously very full.. ” The Economist (London): “It is a clear and ably written book. Certainly, none of the other numerous works on one or the other aspect of the monetary problem have anything like the readability of this tract.” Financier: “Ambedkar deals with the problem in a very lucid and praiseworthy manner and puts forward not merely its origin, but also valuable proposals for a solution, which should be studied by bankers and those merchants whose business depends upon the exchange.”

On December 5, 1956, he completed writing his book ‘Buddha’ the next morning his servant found him dead when he went in his room to serve him tea. His death came peacefully in his sleep. Dr Ambedkar was conferred posthumously the Bharat Ratna, the

nation's highest civilian honour, on his 99th birth anniversary in 1990. It was rightly seen as a fitting, though belated, tribute to one of the builders of Modern India. Ambedkar believed that the fundamental cause of India's backward economy was the delay in changing the land system. The solution was democratic collectivism that entailed economic efficiency, productivity and overhauling the village economy. He said he would wipe out elements of economic exploitation and social injustice. He did not want landlords, tenants, or landless labour. His idea of economic realism sought both freedom and welfare.

### **1. Land Reforms: -**

Ambedkar's main concerns were the nature of land holdings, especially their fragmentation and division into unproductive and economically in viable structure. He criticized the existing definition of economic holding which was defined from the point of view of consumption rather than that of production. he remarked, "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."

### **2. Currency: -**

He was not in favour of linking the rupee with gold and recommended establishment of a fully managed in-convertible currency with fixed limit of issue. Ambedkar stated " It is much better to introduce a currency system which will do away with the exchange standard and also the gold standard reserve" According to Ambedkar the pure gold standard comprises use of gold in some form convertible standard, paper money is also issued in addition to gold coins and is pledged to be redeemable in gold. In contrast under the gold exchanged standard the medium of exchange comprises only paper money which is kept exchangeable 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 exchanged standard and argued in favors of the gold standard of a modified form.

### **3 Devolution of Economics: -**

Ambedkar demonstrates how centralization of government finances which prevailed in India during 1833 through 1871, was a failure on account of faulty fiscal system marked by injurious taxes and unproductive or extravagant expenditure. The system of Imperial Finance was started in India in 1833. It became so elaborated not e in 1858 when the crown took over from the East India Company that no province had any separate power for legislating any separate financial resources. The imperial government was responsible in law but did not administer the country whereas the provincial governments administered the country but had no responsibility in law. Under this system budgets were prepared by the provincial government but the responsibility for the finding ways and means for financing them rested on the government of India. There was practically no power of creating or modifying any appointments in service. The restriction involved provided the Government of India with an opportunity to interfere with all the details of provincial administration." These led to extravagant demands and since the government of India did not possess the necessary machinery to appraise the demands and to control the expenditure, it often had to yield.

#### **4. State management:-**

B R Ambedkar emphasized on the nationalization of economy. He was of the view that state should manage the economy that the production might reach the optimum level and the benefits must not be taken away by the capitalist. The benefits must be distributed equally. He stood for the progressive transformation of society, removing glaring social and economic inequalities that were due to the capitalist system. BR Ambedkar was a firm believer of socialism. According to him, "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 a warning bell for India"

#### **5. Workers problem:-**

Ambedkar supported trade union movement and right to strike against capitalism. He wanted participation of labourers in industrial management. He paid attention to joint council's employment exchanges and earned leave for permanent workers, welfare activities, conciliation, and trade disputes. According to him industrial peace would prevail if it is based on social justice. He introduced 5% to 6% reservation for Schedule castes in Central government. He helped the untouchable students wishing to take technical education in foreign countries.

#### **6. Economics of Caste System:-**

According to Ambedkar the caste system in India was a major obstacle to economic growth and development. The caste system didn't allow people to teach their professional skills to any person belonging to other caste. Only the members of their own caste were allowed to learn the profession. Thus if a person had the skill necessary for a particular job he would not accept the profession of a caste lower than his own. In a dynamic industrial set up the individual must be free to choose his occupation. But due to social religious restriction on inter occupational mobility has following consequences: Firstly, by not permitting readjustment of occupation, caste become a direct cause of much of the unemployment in various groups, as a religious Hindu would prefer to be unemployed rather than getting employed in profession not assigned to his caste. Second, individual justice and economic efficiency demand that competition exists in factor market. Due to the restriction on inter-occupational mobility of labour, capital and entrepreneurship across caste groups the caste system creates segregation in each of these markets.

Economy.

#### **7. Population Control - Family Planning:-**

Dr. Babasaheb Ambedkar said that the control of the country's economy is impossible if the population is not controlled. Hence he forcefully argued for population control and family planning in India. Later on in keeping with his views the government of India has adopted family planning as a national policy.

#### **8. Economic Upliftment of Indian Women:-**

Dr. Babasaheb Ambedkar's contribution to economic development and progress of women is significant. According to him, participation of women in the economic development is impossible without developing their social status and equality. But due to bad economic conditions of women in India, India's economic progress is hampered. So, it is important to improve the economic condition of women and give those equal rights and freedom of occupation.

### **9. Concept of Human Capital:-**

Dr. Ambedkar argued that concept of human capital in india is useless if the poorer and down trodden untouchable dalits are not recognized by other classes as human being with equal social prestige and religious basis. It is therefore impossible to use this human capital in the economic development of India.

### **10. Opposition to Hindu Economy:-**

Dr. Ambedkar denounced the Indian economy as Hindu dominated economy. He came out with hard hitting critique of this Hindu economy. He showed logical flaws in it. Caste System is not merely the division of labour but a division of labourers also. It is not based on natural aptitudes or skills. It is a major abstacle to economic development. It reduces mobility leading to inefficient production. Untouchability is worse than slavery. It is a system of exploitation.

### **Conclusion:-**

What can we conclude from this brief foray into the various economic themes with whom Ambedkar was concerned? The value of his conclusions is substantial precisely because his analysis was based on sound empirical and historical foundations. Key industries shall be owned and run by the state. Basic but non-key industries shall be owned by the state and run by the state or by corporations established by it. Agriculture shall be a state industry, and be organized by the state taking over all land and letting it out for cultivation in suitable standard sizes to residents of villages; these shall be cultivated as collective farms by groups of families. He also stresses the need for industrialization so as to move surplus labour from agriculture to other productive occupations, accompanied by large capital investments in agriculture to raise yields. He sees an extremely.

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