

ROLE OF Dr.BABASAHEB AMBEDKAR IN ECONOMICS

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ABSTRACT

Dr.BabasahebAmbedkar was the great architect of the constitution of India. Dr. B.R Ambedkar was among the most outstanding intellectuals of India in the 20th century. His work in economics is noteworthy. His views deals with public finance and agriculture are landmark in the economics.He was also a custodian of social justice and a champion of socialism and state planning. Though Dr.Ambedkaranalysed various social and political problems, the thoughts were based on economic dimensions. Dr.Ambedkar studied economic issues like agrarian reforms, small holdings and their remedies, problems regarding Indian currency, problem of provincial finance and planning. He wrote various books such as, 'Ancient Indian Commerce', 'National Dividend of India: A Historical and Analytical Study', 'The evolution of provincial finance in British India', 'Provincial Decentralization of Imperial Finance',

Keywords: Economics, social justice, economic dimensions, Indian society, Internal Stability.

❖ Introduction:

The Problem of Rupee' etc. The present paper deals with various economic thoughts of Dr.BabasahebAmbedkar. Dr.Ambedkar argued that the solution to the agrarian question lies not in increasing the size of farms, but in having intensive cultivation that is employing more capital and more labour on the farms such as we have. Further on, he says: "The better method is to introduce cooperative agriculture and to compel owners of small strips to join in cultivation. Ambedkar's commitment was internal stability and he was convinced that only an automatic system based on gold standard with gold currency could achieve this desirable end. He was of view that governments should spend the resources garnered from the public

not only as per rules, laws and regulations, but also to see that faithfulness, wisdom and economy.

❖ **Objectives:**

1. To study and understand Dr. BabasahebAmbedkar's economic philosophy.
2. To study about Dr.BabasahebAmbedkars role in our economics.
3. To analyse Dr. Ambedkars versatile role in social economics.
4. To studythe Economic thoughts of Dr.BabasahebAmbedkar.

❖ **Research Methodology:**

This paper is based on the role of Dr.babasahebAmbedkar's in economics with the help of secondary data collection. The secondary data is gathered from various published Journals,BooksInternet(websites) and research papers.

❖ **Dr.Ambedkar's Journey of Education:**

Dr. B. R. Ambedkar, affectionately known as Babasaheb, was one of the most illustrious sons of India.On April 14th, 1891 a son was born to Bhimabai and RamjiAmbekar. His father Ramji was an army officer stationed at Mhow in Madhya Pradesh - he had risen to the highest rank an Indian was allowed to hold at that time under British rule. He appeared on the Indian socio-political scene in early 1920s and remained in the forefront of all social, economic, political and religious efforts for upliftment of the lowest stratum of the Indian society known as untouchables. Babasaheb was a great scholar who made outstanding contributions as an economist, sociologist, legal luminary, educationalist, journalist, Parliamentarian and above all, as a social reformer and champion of human rights.His main subjects were Economics and Sociology.Babasaheb organised, united and inspired the untouchables in India to effectively use political means towards their goal of social equality.

Born in 1891 to an untouchable school teacher in the British Army, he was highly educated – Ph.D. from Columbia University (1917),In 1920, with the help of friends, he was able to return to London to complete his studies in Economics at LSE. He also

enrolled to study as a Barrister at Gray's Inn. In 1923, Bhimrao returned to India with a Doctorate in Economics from the LSE(London School of Economics)- he was perhaps the first Indian to have a Doctorate from this world-famous institution. He had also qualified as a Barrister-at-Law in 1923. These achievements spectacular by in standard were truly incredible for an untouchable.

❖ **Dr.BabasahebAmbedkar- A Greatest Economist:**

Ambedkar's hunger for knowledge, a versatile personality, his passion for books and his erudition were unique. He was a voracious reader and knew seven languages. He described his obsession with books thus: "For a man like me, who was socially boycotted, these books took me to their hearts."

Dr.Ambedkar was an economist by his basic training. His career was characterised by two distinct phases: the first one up to 1921 as a professional economist contributing scholarly books and the second one as a political leader thereafter until his demise in 1956, during which he made pathbreaking contributions as a champion of human rights for the untouchables. Dr.Ambedkar wrote three scholarly books on economics: (i) Administration and Finance of the East India Company, (ii) The Evolution of Provincial Finance in British India, and (iii) The Problem of the Rupee: Its Origin and Its Solution.

first two represent his contribution to the field of public finance: the first one evaluating finances of the East India Company during the period, 1792 through 1858 and the second one analysing the evolution of the Centre State financial relations in British India during the period, 1833 through 1921. The third book, his magnum opus in economics, represents a seminal contribution to the field of monetary economics. Dr.Ambedkar examined the evolution of the Indian currency as a medium of exchange covering the period, 1800 to 1893 and discussed the problem of the choice of an appropriate currency system for India in the early 1920s. On his return to 2 India, Dr.Ambedkar did not write any book on economics per, though several of his other contributions during that period carry a distinctive imprint of the economist in him. It is proved by a recently conducted survey by History TV 18 and CNN IBN? in June 2012. Who is the greatest Indian after Mahatma Gandhi?? is the question asked from the people of India. The contestant s include, First PM JawaharLal Nehru, Singer LataMangeshkar,

Industrialist J.R.D.Tata, A.P.J.AbdulKalam, Indira Gandhi and Vallbhbhai Patel etc. The final cumulative ranking was conducted following the three ways poll; ranking by jury (online and on ground), ranking by popular votes and ranking by market research. Finally, Dr.B.R.Ambedkar declared as winner.

Dr.Ambedkar was cleared that only 24 percent people are sharing the national economic growth. Depressed classes SC, ST and OBC and Minorities have strong feelings that they are being excluded from the process of economic growth and they are denied their share in national income. So they oppose New Economic Policy at large extent. Since the beginning of NEP1991 Government of India, continuously reducing its share from the public sector industries. It creates number of issues related to the life of depressed classes as the issues of unemployment and uncertainty. It was told that government will increase the expenditure on social overheads particularly education and health. However, government data shows that this is not happening.

Ambedkar believed that, State can play important role in economic development of people. His book “States and Minorities”, this was as much an economic manifesto as a social one. It proposed a united States of India without right of secession. It called for separate electorates, separate village settlements and strong measures against social boycott of untouchable and put forth a program for what Ambedkar called „State Socialism?, the nationalization of basic industries, and the nationalization of land and its organization in collectives.

The first thesis of Dr.BabasahebAmbedkar on agriculture problem namely “Small Holdings and Their Remedies”(1918) he rightly points out that the low productivity and production of agriculture sector was due to lack of inadequate inputs available to producers and non availability of alternative jobs to labourers there is a high pressure of excesses labor force on agriculture sector. Therefore he has suggested increasing the industrial base to absorb these surplus labours. He also demands the abolition of Khoti land holding system to protect the tenant from Khots suppression and exploitation in 1937. However, Dr Ambedkar knew that such measures will not solve the root cause of sorrow of landless labours and small and marginal farmers. So, in 1946 he demands collective methods of cultivation. There are number of advantages of collective farming for our understanding we can classify these in two part as follows. Economic advantages

- a) Total production and productivity will increase due to plan production and
- 2 Economics Of Dr.BabasahebAmbedkar available of inputs such as fertilizers, capital, equipments and skill workers, and those who will work in agriculture sector will get all

benefits as other workers in industrial sector. b) Maximum utilization of available land c) Irrigation facilities to all farmers d) Use of modern technology at a large extent.

A distinctive feature of Dr.Ambedkar's scholarly contribution is his perceptive analysis of economic dimension of social maladies, such as, the caste system and untouchability. While Mahatma Gandhi had defended the caste system on the basis of division of labour, Ambedkar came out with a hard-hitting critique in his book 'Annihilation of Castes'(1936), pointing out that what was implicit in the caste system was not merely division of labour but also a division of labours. Dr.Ambedkar's attack on the caste system was not merely aimed at challenging the hegemony of the upper castes but had broader connotation of economic growth and development. He argued that the caste system had reduced the mobility of labour and capital which in turn, impeded economic growth and development in India.

Ambedkar's commitment was internal stability, and he was convinced that only an automatic system based on gold standard with gold currency could achieve this desirable end. Like every economist of his generation, he was a believer in the quantity theory of money and was afraid that governments will tend to artificially increase money in circulation. In his memorandum given to the Hilton Young Commission in 1925 he pointed out: a managed currency is to be altogether avoided when the management is to be in the hands of the government". While there is less risk with monetary management by a private bank because "the penalty for imprudent issue or mismanagement is visited by disaster directly upon the property of the issuer". In the case of the government "the chance of mismanagement is greater" because the issue of money "is authorized and conducted by men who are never under any present responsibility for private loss in case of bad judgment or mismanagement". In short, Ambedkar's conclusion is clearly towards price stability through conservative and automatic monetary management. This is of such current relevance that in these days of burgeoning budget deficits and their automatic monetisation, it would appear that we could do with an effective restraint on liquidity creation through an automatic mechanism.

After Independence, Dr.Ambedkar became the first Law Minister of India. Even while drafting the Indian Constitution (as the Chairman, Drafting Committee) in 1948-49, the economist in Dr.Ambedkar was very much alive. He strongly recommended democracy as the 'governing principle of human relationship' but emphasized that principles of equality, liberty and fraternity which are the cornerstones of democracy should not be interpreted narrowly in terms of the political rights alone. He emphasised the social and economic dimensions of democracy and warned that political democracy

cannot succeed when there is no social and economic democracy. He gave an expression to the objective of economic democracy by incorporating the Directive Principles of State Policy in the Indian Constitution. As the Law Minister, Dr. Ambedkar fought vigorously for the passage of the Hindu Code Bill – most significant reform for women's rights in respect of marriage and inheritance. He resigned in September 1951 when the Bill did not pass in the Parliament.

❖ **Dr. Bhim Rao Ambedkar's Economical Distribution:**

- It may surprise many to know that Dr. Bhim Rao Ambedkar, celebrated as the “Father of Indian Constitution,” found economics closest to his heart and got his doctorate for a thesis on “The Problem of the Rupee”. He was a Professor of Economics in Mumbai's Sydenham College in the early 1930s.
- Ambedkar strongly believed that the fundamental cause of India's backward economy was the delay in changing the land system. The remedy was democratic collectivism that entailed economic efficiency, productivity and overhauling the village economy, he wrote.
- This, he said, 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.
- The essential feature of his approach to economic problems was the condemnation of such extreme views as laissez-faire and scientific socialism. Mixed economy was the cornerstone of his economic ideas. He advocated an end to the glaring social and economic inequalities produced by the capitalist system.
- 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’.
- His evidence before the Hilton-Young Commission was an important contribution to the discussion of currency problems in India. He gave

expression to his thoughts on such issues as small-holdings, collective farming, land revenue and abolition of landlordism. It covered nearly four important decades — 1917 to 1956, and touched on all major political and economic events.

- He realised that the solution to the problem of the untouchable landless labourers depended upon the solution to Indian agricultural problems or, more broadly, economic problems. He focussed on the injustice in basing the assessment of land revenue on income and advocated that land revenue be brought under the income-tax.
- 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.”

❖ Dr. BabasahebAmbedkar's Economic Philosophy :

For the better future of India Ambedkar believed that, State can play important role in economic development of people. His book "States and Minorities", this was as much an economic manifesto as a social one. It proposed a united States of India without right of secession. It called for separate electorates, separate village settlements and strong measures against social boycott of untouchable and put forth a program for what Ambedkar called „State Socialism“, the nationalization of basic industries, and the nationalization of land and its organization in collectives.

Therefore, under the States Socialism following principles will be followed.

- a) Active role of state in the planning of economic life of people.
- b) Emphasis on increase the productivity and production by providing physical capital and Human capital.
- c) Freedom to private sector to plan and manage their industries and trade except in selected areas
- d) Equitable distribution of National wealth and income among all sections of society irrespective of castes, creed, gender, region and religions.

❖ Economical thoughts of Dr. BabasahebAmbedkar:

- Up to 1833 the Company, by means fair or foul, managed to win over the English statesmen to continue her monopoly. But in that year the cry against hr monopoly had gone so loud that both the Company and the Ministers had to give in and the East India trade was thrown open to all the English public.

- ... mutiny or no mutiny, the British statesmen were impatient to have direct control over the leaves and the fishes that came but indirectly from their rule in India by a process of disgorging a corporation which directly fed them on beef fat.

- It went as a continuous tribute to England to pay dividends to the Company's shareholders; and as the flow of the money from India was not sufficient to pay the dividends, there was an increasing debt called the Public Debt of India.

- It is likely to be a matter of surprise when one sees the smallness of the Indian Home Bond Debt as compared with the Indian Debt. But the surprise will no longer exist when we know

that the capacity of the East India Company to borrow in England was strictly limited by Parliamentary Regulations. The Parliament was ever eager to obtain the advantages of the rule of the company without its disadvantages ... Company's raising the loans beyond a certain limit lest the Company lose its hold upon India and bring ruin on England by jeopardizing English capital.

- The Land Tax levied by the British Government is not only excessive, but, what is worse, it is fluctuating and uncertain in many provinces.
- It is true that the British Government only followed the precedent of the previous Mohammedan rulers who also claimed an enormous Land Tax. But the difference was this that what the Mohammedan rulers claimed they could never fully realize: what the British rulers claimed they realized with vigour.
- A Land Tax which now exists in India, professing to absorb the whole of the landlords rent, was never known under any government in Europe or Asia.
- India has never had even the shadow of a constitution, or of a national government, but has been ruled as a conquered country, according to the views of successive British Parliaments and the British administrations. The Indian debt has really been incurred by the Government of this country and how, then, can we possibly shake ourselves free of Indian liabilities.
- The company though legally extinct continues to live for all practical purposes and enjoys her dividends even to this day in the shape of interest paid out of Indian revenues. The astounding result of this policy was gains to England and costs to India.
- The revenues of India shall not, without the consents of both Houses of Parliament, be applicable to defray the expenses of any military operations carried on beyond the external frontiers of such possessions by her Majesty's forces charged upon such revenues.
- The immenseness of India's contribution to England is as much astounding as the nothingness of England's contribution to India. Both are, however, true statements if looked at from economics point of view.

- Wisdom therefore requires that those who are entrusted with the financial management of the State should look beyond the more immediate object of raising and spending of money, for the 'how's' of finance are very important and can be seldom neglected in practice with impunity. The

wealth of society is the only patrimony of which the state can draw, and the state that damages it cannot but end in damning itself.

- Justice in taxation was conspicuous by its absence. It was a cruel satire or at best an idle maxim, for the lancet was directed not where the blood was thickest but to that part of the body politic which on account of its weakness and poverty most meekly bore the pang. The landlords who passed their lives in conspicuous consumption or vicarious leisure on the earnings of poor tenants, or the many European civil servants who fattened themselves on pay and pickings, were supremely exempted from any contribution towards the maintenance of pomp and privilege. On the other hand. The salt tax and ... the other oppressive taxes continued to harass the industrious poor.

- It ought to serve as an object lesson to all financiers to show that when their revenue laws are harmful to the resources of the people they must blame none but themselves for their empty treasury.

- It may perhaps be argued on the other hand that much of the military expenditure, large though it was went back into the coffers of the Indians themselves as they formed the bulk of the forces employed in the country and goes on to show irrelevance of such an argument by pointing that one European drew on an average more than he salaries of four natives put together.

- The agencies of war were cultivated in the name of peace, and they absorbed so much of the total funds that nothing practically was left for the agencies of progress. Education formed no part of the expenditure incurred and useful public works were lamentably few. Railways, Canals for

navigation or irrigation and other aids to the development of commerce and industry for a long time found no corner in the Imperial Budget.

- There is a principle well known to farmers that constant cropping without maturing ends in the exhaustion of the soil. It is, however, capable of wider application, and had it been observed in the State economy of India the taxing capacity of the country would have grown to the benefit of the treasury and the people. Unfortunately it was lost upon the financiers of India to the detriment of both.
- If the history of development of Provincial Finance is to be divided into stages according to the changes in fundamental basis thereof, then emphasis has to be laid on features altogether different in character.
- As a matter of justice we should have expected the continuance of the income tax to the relief of the State... But justice was for a long time absent from the Financial Secretariat of the Government of India.
- Prospect of gaining half the excess over the normal gave a more direct stimulus to the provinces to develop their resources beyond the normal than would have been the case if the total excess had been entirely appropriated by the Imperial Government. On the other hand the consent secured from the provinces to bear half the burden of a possible deficit in the normal estimate directly put a premium on economical and judicious administration of the ceded revenues. The fear that their obligation to bear half the deficit might assume a large proportion... compelled them to bestow greater vigilance than they would otherwise have done.
- What was an advantage to the Imperial treasury was drawback. Owing to the short durations ... (the Provincial Governments) could not adopt a definite financial policy, for they feared that the new terms on renewal might compel them either to give up the policy or modify it so seriously as to prejudice its results... this was just the flaw that deteriorated the sound working of provincial finance.
- Again under the income tax holders of income below a certain minimum are exempted from levy. But under the land revenue the tax is remorselessly collected from everyone, be he rich or poor.

- He was a strong advocate of land reforms and of a prominent role for the state in economic development. He recognized the inequities in an unfettered capitalist economy.
- 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.

❖ **Conclusion:**

The results of such unethical transfers are multiple and most of these results are affected adversely on the life of depressed classes particularly, in respect of employment. 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 important role for the state in such transformation of agriculture and advocates the nationalization of land and the leasing out of land to

groups of cultivators, who are to be encouraged to form cooperatives in order to promote agriculture. We believe that Dr. Babasaheb Ambedkar's economic philosophy focuses on the golden path of development. The importance that Dr. B.R. Ambedkar had in the shaping of modern India should not be forgotten. Babasaheb always stressed the importance of better education, so that our position in society can be uplifted. He was such a great personality and great Economist. He played vital role in our Indian Economy.

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