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**\* Dr. Jayashri Purushottam Sarode**

**\* Asst. Prof. Economics, H.O.D. Economics, D.D.N.Bhole College, Bhusawal**

## **Impact of Dr. B.R. Ambedkar's thoughts on Indian Economy**

### **Introduction**

The impact of Dr. B.R. Ambedkar's economics thoughts on Indian economy could be evaluated under the following main heads:

- 1) Agriculture or land reforms.
- 2) India's Currency (Monetary) Problems.
- 3) Problems of Public Finance.
- 4) Views of Taxation policy.
- 5) Nationalisation of Industries.
- 6) Strategy for economic development.
- 7) Democratic Socialism.
- 8) Miscellaneous economic Problems.
  - (a) Free Enterprises Economy.
  - (b) Population Control - Family Planning
  - (c) Economic Upliftment of Indian Women.
  - (d) Concept of Human Capital.
  - (e) Opposition to Hindu Economy.

### **(1) Agriculture or land Reforms :-**

Dr. Babasaheb Ambedkar had made in-depth study of Indian Agriculture, wrote research articles organised Seminars and Conferences in order to Solve the problems of agriculture and farmers, also led farmer's movement. His thoughts on agriculture are found in his article "Small Holdings in Indian and their remedies" (1917) and also in "Status and minorities" (1947) and his other writings. The reform's suggested by him are included in the manifesto of the "Swatantra Majdur Paksha" and the Scheduled caste Federation. He recognized that small subdivided and fragmented holdings of land is the acute problem of Indian agriculture associated with many evil affects.

It has resulted in Various disadvantages, as difficulties in cultivation and utilization of resources increasing cost, low productivity, inadequate income, Low standard of living etc. According to Dr. Ambedkar Productivity of agriculture is related to not only with the size of holdings but also with other factors such as capital, labour and other inputs, Therefore first of all the concept of "Idea of Economic holdings should be made clear". If capital labour etc are not available in adequate and quality even a large size holdings may become unproductive, or its productivity may be low on the other hand small sized holding becomes more productive if these resources are available in plenty. These thoughts of Ambedkar are reflected in the "Land

ceiling Act" Passed after Independence. Consolidation and increasing size of holding are the primary remedies. But Dr. Ambedkar is opposed to the consolidated combined joint holdings as they may not be productive enough and may be useless", He was of the opinion that size of economic holding should be decided by productivity rather than by means of livelihood, Consumption consideration. Agriculture should be perceived as an enterprise, occupation and not merely as a means of livelihood. Efforts should be made to provide capital and other resources to agriculture to increase its productivity instead of increasing the size of holding. Here lies the real problem of agriculture - utilisation of increasing labour and unproductive disguised unemployment.

As remedies to solve this problem Dr. Ambedkar Suggested (1) co-operative or collective farming. (2) Economic holdings (3) Transfer of surplus labour from agriculture to industry (4) Provision of other sources of production (5) Large Scale industrialization (6) Nationalisation of agriculture (7) Provision of money water seeds and fertilizers by government (8) Abolition of "Khoti System in Agriculture". (9) Cultivation of waste land under Cultivation which should be allotted to the landless labour. (10) Application of minimum wages to agriculture labour. (11) Protection to tenants and tillers (12) Increasing supply of capital funds to agriculture (13) Control of and regulation of private money lenders, pass book to every debtor with entries of loan.

According to Dr. Ambedkar centralisation of economic power agriculture land is the root cause of all other forms of exploitation. Hence he suggested collective ownership of land as a fundamental right. Thus Dr. Ambedkar thoughts on agriculture are relevant even in present circumstances. As the existing laws and reforms land ceiling Act, minimum wages Act, Distribution of surplus land etc are not effective it is essential to reconsider them in the context of Dr. Ambedkar's prospective.

### **(2) India's Currency (Monetary Problems):-**

Dr. Babasaheb Ambedkar's Contribution to monetary economics especially Indian currency system is evident from his D.Sc Dissertation "The problems of rupee, its origin and solution (1923) and his evidence

before the "Hilton Young commission" Which shows his foresightness. 8 years before the establishment of the R.B.I., Ambedkar elucidated credit supply and restrictions on it. In this book he affers an excellant exposition of Indian Currency both as a medium of exchange and equality in terms of gold and silver. He focuses attention on the currency crisis, i.e the pure gold standard. The peculiarity of Dr. Ambedkar was that studying these complicated problems he wrote a research thesis on it. He tried to search out why the purchasing power of indian rupee was failing. Crossing swords with keynes he argued that gold exchange standard does not have the stability. The developing countries like India can not afford it, Besides it is a two edged weapon resulting in unlimited risk of unbridled inflation and price-rise unbridled growth of currency, governments deficit and automatic molestation should be regulated. Money in transacution should have a circular flow. Then only prices would remain constant and the economy would be sound. He suggested that more attention should be given to price stability than exchange rate stability. Dr. Ambedkar Showed with statistics than Indian Rupee has lost its purity with gold hence its purchasing power is failing. Though the context and setup of Indian economy has changed the essential message of Ambedkar remained Surprisingly the same and timeless. He opined that international exchange rate will not always be equated with the internal price level in the country.

### **(3) The Problems of Public Finance :-**

The thoughts of Dr. Ambedkar on Public Finance can be studied in his M.Sc Thesis "The evaluation of Provincial Finance in British India", from the discussion of article 227 and 277 of the Indian constitution; the taxation policy in the manifesto of "Swatantra Majdur Paksha" and his lectures and views on budgetary policy and property tax. He has classified provincial finance in there categories imperialistic provincial finance in there categories imperialistic provincial and local critising the Decentralization Report of the Royal Commission, Dr. Ambedkar argued that due to the provincial autonomy political power would be concentrated in the hands of the previledged few instead of common people.

Dr. Ambedkar Ph.D Dissertation represents a major contribution to the history of Indian Public finance. In this thesis he elaborates centre-provincial relationship from 1833 to 1921. He provides a detailed and insightful historical perspective and shows how cetralization of government finance was a failure due to faculty fiscal system. The Contemporary relevance of Dr. Ambedkar's contribution to public finance is that first of all it is a poineering work. According to Seligman his guide and world famous economist" it is objective

recitation of facts and impartial analysis of the centre - state relationship in British India". It has a great historical significance. Second and more importantly it provides groundwork for centre - state relationship in modern India. It has been the guiding spirit behind the reports of the successive Finance commissions in Independent India. The credit for establishment of the Finance commission and the R.B.I. goes to Dr. Ambedkar's views.

### **4) Views on Taxation Policy :-**

Dr. Ambedkar expressed views on taxation in the Manifesto of the "Statantia Majdur Party"(1396). He was opposed to Land Revenue its system and other taxes as their burden fell heavily on the poorer section of the society. He enunciated the principles of taxation as following.

- (a) Tax Should be imposed according to the payer's capacity and not on income.
- (b) The Tax should be progressive being less on the poor and more on the rich.
- (c) Tax exemption should be given up to certain limit.
- (d) The land revenue tax should be more flexible.
- (e) There should be equality between different sections in tax imposition.
- (f) The tax should not lead to lowering of standard of living of the people. Dr. Ambedkar suggested that land Revenue Tax should be progressive. It is unjustifiable to levy Land Revenue Tax on Agriculture income. He advocated abolition of article 107 of the L.R. code and bring Land Revenue Tax in the fold of Income tax. He argued that Indian Tax System is faculty. In Indian Budgets certainly, the most important criterion of taxation is not followed. For Example - There is large scale variability in production taxes, and Land Revenue Tax and excise duty. The Indian tax system is based on discrimination and inequality.

### **5) Nationalization of Industires :-**

Dr. Ambedkar was of the opinion that fast development of India is impossible without widespread industrialization according to him creates large-scale employment produces essential consumption goods for mass consumption, along with capital goods, Saves foreign exchange, utilises raw materials on proper and optimum scale offers security to labour enhances Swadeshi Movements, which ultimately leads to all round development of a country, But the private sector industries are unable to perform this task satisfactory for want of large - scale investment secondly They may create monopoly and centralization. There fore government should come forward and start large scale industries of social and national benefits. The small rural and cottage industries should be kept in the private sector. The insurance and transport companies should be nationalised. Rights to strike should be given to

labourers. All these provisions have been included in the directive Principles of state policy in the constitution processing industries should also be developed Dr. Ambedkar Stressed Rural Industrialization. The industrial policy of the Indian government is in keeping with Dr. Ambedkar expectation.

#### **6) Strategy for Economic Development :-**

Dr. Ambedkar believed that the strategy for India's Economic development should be based on Eradication of property elimination of inequities and ending exploitation of masses. He accepted Marxian view in this respect. Yet did not favour the Marxian paradigm of development. Dr. Ambedkar views on communism are presented in his essay "Buddhism and communism" Unlike Marx he did not accept economic relationship as the be-all and end-all of human life. He emphasized exploitation has many dimensions In fact in the Indian Context social or religious exploitation is no less Oppressive than economic exploitation.

Dr. Ambedkar rejected Violent and totalitarian directship methods of communism. He believed in a classless but not a stateless Society. He perceived an active but well defined role for state in Economic affairs. He concept of democratic state socialism is based on (a) State ownership of agriculture and key industries (b) Maintenance of productive resources by the state and (c) a just distribution of Common produce among different people without caste or creed.

#### **7) Democratic State Socialism :-**

Dr. Ambedkar Presented to the constitution committee a dissertation namely "States and minorities" in which was included his Democratic State Socialism The main points of it may be summarized as

- 1) All basic industries should be own and run by state.
- 2) Insurance and agriculture should be nationalized and managed by the state.
- 3) Maintenance of Productive resources by state.
- 4) Just Distribution of Common produce.
- 5) Provision for compensation of land or industry acquisition in the form of bonds.
- 6) The distribution of village and among the families in a village for collective farming
- 7) No discrimination as landlord, tenants and agriculture labour.
- 8) All agriculture input like capital, seeds fertilisers etc would be provided to collective farming by the government.
- 9) Distribution of agriculture income only after payment of land revenue tax.
- 10) Punishment according to rules who do not follow the rules.

Dr. Ambedkar wanted this state socialism to be included in the constitution so that no legislature could change or reject it. But it could not come into existence

as the constitution committee rejected it.

#### **8) Miscellaneous Topics :-**

##### **(a) Free Enterprises Economy :-**

Surprising enough Dr. Ambedkar had advocated free economy, globalization, liberalization and privatization as early as in 1923, Recently India has adopted this policy In this respect Dr. Ambedkar was a century ahead but he stressed that the value (Price) of a rupee must be kept stable if the policy of free economy is to be successful.

##### **(b) Concept of Population control :-**

Dr. Ambedkar said that in the absence of population control, the control of the country's economy is impossible. 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.

##### **(C) Economic upliftment of Indian Women :-**

Dr. Ambedkar's contribution to economic development and progress of women is noteworthy, as that of the down trodden women's participation in economic activities and economic empowerment according to him is impossible without improving their social status and equality. Women have immense power to contribute to economic development But India's Economic progress is hampered due to bad social economic conditions of women - hence it is essential to improve their economic condition and to give them equal economic rights like right to wealth equality of opportunity freedom of occupation.

##### **(d) Concept of human Capital :-**

Dr. Ambedkar argued that concept of human capital in the Indian context is useless the poorer and down trodden untouchable dalits are 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.

##### **(e) Opposition to Hindu Economy :-**

Dr. Ambedkar denounced the Indian economy as Hindu dominated economy in which Hindu religion is the end and individual its means. 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 obstacle to economic development. It reduces mobility leading to inefficient production. Untouchability is worse than slavery. It is a system of exploitation.

#### **Conclusion**

The main Points of Dr. Babasaheb Ambedkar's impact of economic thoughts on the Indian economy may be summed up as following

(1) Dr. Ambedkar viewed agriculture as an enterprise and not only as a means of subsistence. Hence how suggested agricultural and land reforms some of which have been implemented after Independence except nationalisation of agriculture.

(2) Dr. Ambedkar's contribution to India's currency, public finance and taxation policy is valuable. His message remained timeless. According to him price stability is more important than exchange rate stability. In his opinion centralisation of government finance is a failure due to faulty fiscal policy.

(3) In taxation he opposed burden on the poor; he suggested taxation reforms such as tax should be progressive, as per capacity, certain and flexible.

(4) According to Dr. Ambedkar fast industrialisation is essential for rapid economic development.

(5) Dr. Ambedkar's model of economic development is based on peaceful eradication of poverty, inequalities and exploitation. His concept of Democratic State Socialism, is not accepted.

(6) Dr. Ambedkar was a proponent of free enterprise economy and globalisation, recently accepted by the government of India, but he was squarely opposed to the Hindu dominated economy - His concepts of family planning upliftment of women and human capital are important contribution to the development of the Indian economy.

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