

THE UNFORGETTABLE ECONOMIST DR. B R AMBEDKAR

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ABSTRACT

Dr. B. R Ambedkar was a Social Scientist, great economist, statesmen, humanist, constitutional expert, philosopher, prime thinker, more over architect of modern India. B.R. Ambedkar is a lesser known economist. After long years of neglect, the ideas of B.R. Ambedkar seem to be gaining currency. While his thoughts on Indian society and politics have garnered more attention, some of his economic ideas too deserve greater attention. As far as the land ownership was concerned, Dr. Ambedkar was of the opinion that the state should own the land but not the individual. The nationalization of land would be able to resolve most of evils due to small holding and landless labour . Basic and non-key industries should be owned and run by the state or corporations established by it. Ambedkar was the first Indian economist who comprehensively studied the public finances, and taxation and also the monetary standards of British India and analysed the adverse effects of both the internal and external taxes on local business in British India. Ambedkar's basic argument was that the gold standard provided some sort of stability in the currency for a developing country like India and was against the idea of money supply being linked to gold. He emphasised the importance of price stability over exchange rate stability for the larger benefit of the poor people.

Keywords: Nationalization of land, State Socialism, Economic Democracy, Gold standard, Gold standard

1. INTRODUCTION

Dr. B. R Ambedkar was a great economist, political leader, statesmen, humanist, law expert, labour leader, philosopher, prime thinker, constitution expert, father of Indian Constitution and more over architect of modern India. His philosophy was mainly associated with **freedom, human equality, democracy and socio- political freedom** and economic equality.

Ambedkar is a renowned philosopher who dealt with extreme insult, poverty and social stigma since childhood, still managed to be a personality of prime academic and philosopher. He was a revolutionary social reformer who possess firm belief in democracy and presented the moral base of society. He was the pioneer of various civil and political institutions of India and criticized those ideologies and institutions which advocated inequality and slavery. Ambedkar was the first theorist in India who firmly believed that if state is bound to preserve the rights then state ought to think over the constitutional basis of “have nots”.

2. AMBEDKAR’S LIFE AND CAREER

Dr. B R Ambedkar was **born** on April 14th, 1891, in Mahu , Madhya Pradesh. Father was Ramji Maloji Sakpal and mother Bheema Bai. He experienced various forms of social insult because of untouchability. At school he was not allowed to sit equally with fellow students, prohibited to learn Sanskrit, after all these hurdles, he

completed his graduation from University of Mumbai and went to United States of America to complete his higher studies. There are several aspects of Dr. Ambedkar's philosophy. There is a very rare chance that any subject which was not discussed by him. He boldly put forward his opinion on several burning topics of the then Indian society. His versatile personality is evident in his thoughts over socio-political philosophy, economic thoughts and legal-constitutional ideologies. Dr. Babasaheb Ambedkar was much more than a mere economic thinker. He was philosopher, social thinker, a fantastic scholar, a leader, a political activist, an apostle, and a savior of millions – a true architect of egalitarian society. Such a person can only be a revolutionary at heart.

3. AMBEDKAR'S VIEWS ON ECONOMY

B.R. Ambedkar is a lesser known economist. After long years of neglect, the ideas of B.R. Ambedkar seem to be gaining currency. While his thoughts on Indian society and politics have garnered more attention, some of his economic ideas too deserve greater attention. Known largely as the father of the Indian Constitution and a leader of Dalits, Ambedkar began his career as an economist, making important contributions to the major economic debates. He was, in fact, among the best educated economists of his generation in India, having earned a doctorate in economics from Columbia University in the US and another from the London School of Economics.

Ambedkar's London doctoral thesis, later published as a book, was on the management of the rupee. At that time, there was a big debate on the relative merits of the gold standard v/s the gold exchange standard.

4. STATE SOCIALISM AND ECONOMIC DEMOCRACY

Ambedkar thought of democracy as an ideal that would bring a positive change. He had great faith in democracy. However, he focused more on economic democracy in his text, *States and Minorities*. Dr. Ambedkar's principle of economic democracy was one man one value. At the time when the Indian National Congress had no program about the economic structure of India, it was Dr. Ambedkar who came up with his principle of economic democracy which was more in political terms. In reality, it failed to translate into economic terms. He blamed constitutional lawyers for not looking ahead of Fundamental Rights and Universal Adult Suffrage. He was of the idea that the constitution should not shy away from describing a particular form of economic structure it wishes the state to follow. He was also of the thinking that the countries who are latecomers in the field of Constitution should not copy the faults of other countries.

5. AMBEDKAR'S VIEWS ON AGRARIAN ECONOMY

In this paper, an attempt is made to describe the thoughts of Ambedkar on Indian agriculture. Dr. Ambedkar was one of the great personalities who analysed the Indian agrarian problem from the viewpoint of an economist. His main concern for agriculture arises for the two reasons i.e. the existence of surplus labor and the resultant superfluous unemployment. He had some important contributions in the field of agriculture like land holdings, collective farming, and land revenue, which are the most relevant in the present time. He stressed rapid industrialization as the solution to all agricultural problems.

In 1927, the British government presented a bill in the Bombay Legislative Assembly to increase the agricultural land of small farmers and transfer it to zamindars. Babasaheb Ambedkar protested that agriculture is productive and unproductive depends on its size and not on the labor and capital of the farmer. He had said that the problem will not be solved by increasing the size of agriculture, but this problem can be solved by intensive farming. That is why he advised that cooperative farming should be adopted in general areas. Babasaheb gave the example of adopting cooperative farming in some parts of Italy, France and England.

Dr. Babasaheb Ambedkar suggested the way of cooperative farming for the development of agriculture in India. Dr. Babasaheb Ambedkar wrote an article titled ‘Small Holdings in India and Their Remedies’ in 1918 in which he presented the problems of landholding farmers in scattered areas of India. He said that scattered smallholder farmers are unable to get the expected returns from agriculture due to lack of adequate capital and resources. Hence the need for reforms for the development of agriculture sector in India, the government should provide resources and capital for agricultural activities, his article stated. He explained the nature of collective farming. Here he demanded nationalization of lands. Even in 1954, Babasaheb raised his voice during the debate in parliament for nationalization of land. Babasaheb was as serious about the land issue as he was about other issues that pervaded India.

5.1 Consolidation of Land Holdings and Land Revenue

Ambedkar was a multi-faceted personality. He addressed complex issues like suppression of the poor, Dalits and farmers in the colonial India through his writings and speeches. Ambedkar studied the contribution of farming and rural life to Indian economy. His research highlighted day-to-day economic problems of small and tenant farmers and suggested remedies to overcome the poor state of Indian agriculture. Ambedkar extensively surveyed rural areas and was associated with various farmers’ movements. He received direct feedback from small farmers. His exposure to Indian rural economy is reflected in his writings in which he criticized well-established reports on Indian agriculture. He challenged renowned experts for their incompetency in addressing problems of farmers due to lack of understanding of inherent land system, agriculture practices and day-to-day affair of rural life.

i. Landless Labourers

Landless Labourers Agricultural labourers are the backbone of Indian agriculture. Most of them are living below poverty line due to lack of purchasing power. The prevailing wage rate is hardly sufficient for them to meet their basic needs. They are at the mercy of landlords in villages. Ambedkar demanded the enforcement of a minimum standard wages for agricultural labourers. Ambedkar advocated that urgent problem of landless labourers must be solved by taking over the uncultivated lands for cultivation and giving them to landless labourers. In the case of landless labourers, land-hunger was dominant. His desire was that landless labourers should be treated on par with the other labourers. According to him, similar conditions of work, provident funds, employer’s liability, workmen’s compensation, health insurance and pension should be open to all sort of labour whether it is industrial or agricultural labour

ii. Land Revenue

Ambedkar supported tax on agriculture and insisted that every farmer, whatever may be his income, should be brought under the levy of the land tax. The rate of land revenue must not be fixed, but should be kept elastic and subject to variation as in the case of income tax applicable to the salaried class, merchants and industries. These classes were given relaxation in income tax in case of drop of income below income tax limit fixed by the government.

iii. Land Reform

Through expropriation of actual cultivators, a considerable portion of lands had passed into the hands of non-cultivating, rent-receiving, absentee landlords. Ambedkar advocated treating agriculture as industry. According to him land reforms were necessary to increase agricultural production. He emphasized input-output relations as a new idea in land reforms. To increase agricultural output, land reforms act as a method to create economic holdings. Ambedkar laid a great stress on the modernization and industrialization of rural economy as a step towards securing redeployment of the labour force so as to reduce the pressure of supporting family entirely on agriculture. He stressed that prosperity of India lies in synchronized development of agriculture and industry in the rural India. The surplus land available because of land ceiling implementation should be distributed amongst the weaker sections of society.

iv. Co-operative Farming

To avoid the evils of small holdings, Ambedkar demanded co-operative farming in India. He said: The better method is to introduce co-operative agriculture for standard areas and to compel owners of small strips included therein to joint in cultivation without destroying private ownership (pp. 131, Dr. Babasaheb Ambedkar writings and speeches, Vol. 2.) He further said, "Separate provision for consolidation would be unnecessary. A co- operative farm would be both a large and a consolidated holding." (pp. 134, Dr. Babasaheb Ambedkar writings and speeches, Vol. 2.) As a social reformer, Ambedkar visualized that the co-operative system would be the best system in India in which there would be no landlord, no tenant and no landless labourers.

v. Collective Farming

Dr. Babasaheb Ambedkar suggested the way of cooperative farming for the development of agriculture in India. Dr. Babasaheb Ambedkar wrote an article titled 'Small Holdings in India and Their Remedies' in 1918 in which he presented the problems of landholding farmers in scattered areas of India. He said that scattered smallholder farmers are unable to get the expected returns from agriculture due to lack of adequate capital and resources. Hence the need for reforms for the development of agriculture sector in India, the government should provide resources and capital for agricultural activities.

vi. Landlessness and Land ownership

Ambedkar asserted that land was not simply a matter of economics but also of social status and hence, "a person holding land has a higher status than a person not holding land". Land ownership in the agrarian system in India was as much about dignity as it was about social and economic freedom.

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Holdings in India and Their Remedies' in 1918. The article presented the problems of landholding farmers in scattered areas of India. He said that scattered smallholder farmers are unable to get the expected returns from agriculture due to a lack of adequate capital and resources. Hence, the need for reforms for the development of the agriculture sector in India, the government should provide resources and capital for agricultural activities.

vii. Nationalization of land and ceiling on land holdings

After fighting with the unequal land holdings and persistence of tenancy with unfair rents and uncertain tenure by 1947, Ambedkar gave special emphasis on the radical solution of nationalisation of land and collective farming. Then he felt that neither the tenancy legislation nor the consolidation of land holdings could improve agricultural productivity. These measures alone could not help solve the persistent problems of small farmers and landless labourers. He suggested the nationalisation of entire agricultural land with the aim of collective farming for the solution of all the evils of the Indian agrarian system. For him, the state's main obligation is to supply the capacity necessary for agriculture as well as industry. The organised agricultural land should be divided into farms of standard size and let out for cultivation to the residents of the village.

As far as the land ownership was concerned, Dr. Ambedkar was of the opinion that the state should own the land but not the individual. The nationalization of land would be able to resolve most of evils due to small holding and landless labour. He thought that India can achieve impressive growth in agriculture sector through industrialization of agricultural sector which is possible only with nationalization of land. While referring to nationalization of land system; He expressed likeness for land system prevailed in Soviet.

6. AMBEDKAR'S IDEAS ON INDUSTRIALISATION

According to Ambedkar, the education system must be built on the synergy between academia, industry and market. Ambedkar saw the caste-system as a system of 'division of labourers' in water-tight silos, which is the anti-thesis of the division of labour; and Dalits are located at the lowest end of this economic ladder due to persistent social discrimination and denial of the economic opportunities. They get a raw deal even when they have requisite capabilities for a job or as he said, "In times of prosperity he is last to be employed, and in times of depression he is first to be discharged". Ambedkar understood the need for collaboration and feedback system between government training centres and the industry; he proposed that training courses be tailored accordingly to ensure greater employability.

7. AMBEDKAR'S MEASURES FOR IRRIGATION AND POWER PROBLEMS

Dr. Ambedkar evolved a new water and power policy during 1942-46 utilize the water resources of the country to the best advantage of everybody and the Tennessee Valley scheme of USA was an ideal model to emulate. He rightly visualised that only multipurpose project can be a five prospect of the control of the river, a prospect of controlling floods of securing a five area for perennial irrigation with resultant insurance against famine, much needed supply of power and uplifting the living standard of poverty stricken people of India.

The Central Government's irrigation and electric power policy during 1942 -44 reflected this view of Ambedkar on the poor and their place in planned economic

development of the water resources of the country. He urged the policy makers to incorporate measures in the irrigation development policy to benefit the poor and oppressed section of society. This view was emphasised in the formulation of an irrigation and hydroelectric policy for India.

8. AMBEDKAR'S IDEAS ON RIVER LINKING

River linking is a project of linking two or more rivers by creating a network of manually created reservoirs and canals, and providing land areas that otherwise does not have river water access and reducing the flow of water to sea using this means. Ambedkar suggested interlinking of major south Indian rivers.

9. AMBEDKAR'S CONTRIBUTION TO FISCAL AND MONETARY ECONOMICS

Ambedkar was the first Indian economist who comprehensively studied the public finances, and taxation and also the monetary standards of British India and argued that the adverse effects of both the internal and external taxes on local business in British India. Ambedkar's basic argument was that the gold standard provided some sort of stability in the currency for a developing country like India and was against the idea of money supply being linked to gold. He emphasised the importance of price stability over exchange rate stability for the larger benefit of the poor people.

The thorough analysis of Indian public finances in the perspective of thoughts of Dr. B.R. Ambedkar on public finance reveals some very important conclusions with reference to fiscal operations of Indian economy. The fiscal operations of the government in India are not in the perspective of Dr. B.R. Ambedkar. Taxation in India is not pro economic equality and social justice. India is excessively depending upon indirect taxes than direct taxes for revenue mobilisation. These issues should be the agenda of fiscal operations and development policy of the government of India.

Ambedkar's contribution in the field of Public Economics can be evaluated on two important bases: First, like Professor Seligman, who considers the book of Ambedkar on Federal Finance as a basic research and second, his guidance in the creation of Federal Finance of independent India which is very important.

Decentralized financial system of the State includes income in the form of public tax, potentiality of public expenditure and public debt and its principles of limitation for the union (central government) and state as also local self-government organizations (panchayats, municipalities) and its economic jurisdiction. Ambedkar had conducted an intense study of Indian Federal Finance, which is considered a fundamental study in India. Its guidance was also fundamental to the establishment of federal finance in independent India. As a chairman of the drafting committee of the Constitution, his proposal of federal finance was accepted for inclusion in the Constitution, which has been clarified in the Seventh Schedule demarcating rights and responsibilities between union and states. In this context, the important aim of this article is to assess Ambedkar's contribution in federal finance.

Babasaheb's understanding of the monetary system is evident from his monumental book, *The Problem of Rupee: Its Origin and Solution*, written as part of his DSc dissertation. He even presented his arguments in front of the Hilton Young Commission which were taken into account while forming the Reserve Bank of India (RBI). The debates on gold standard versus gold-exchange standard

were raging during that time and Ambedkar opposed one of the most prominent economists of those times, John Maynard Keynes. Ambedkar argued in favour of a modified gold standard while Keynes was a votary of gold-exchange standard. Ambedkar's basic argument was that the gold standard provided some sort of stability in the currency for a developing country like India and was against the idea of money supply being linked to gold. He emphasised the importance of price stability over exchange rate stability for the larger benefit of the poor people. Another point of contention for him was that the gold-exchange standard left the discretion of the issuer of the currency totally unregulated and gave unbridled powers to the government. Thus, he suggested that a law be framed to fix the ratio between the gold coin and rupee, and that the former should not be mutually convertible (Jadhav 1991).

10. CURRENCY REFORM

B R Ambedkar said currency should be replaced every 10 years. Prakash Ambedkar shared the economic vision of his grandfather whose research at the London School of Economics that evolved in the form of a thesis and, later, into a book 93 years ago explored the problems confronting the nation today. Prakash claimed that Modi's decision to demonetize Rs 1000 and Rs 500 currency notes was in consonance with Babasaheb's theory.

CONCLUSION

Babasaheb's insights on economics and his contribution to our economy are rarely acknowledged. His ideas deserve considerably more research and citation. However, in his work, *The Problem of the Rupee: Its Origin and its Solution*, there is no mention of demonetisation by replacing currency every ten years. The basis of Prakash's claim, if it was not misreported, is, therefore, unclear.

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