

## India's Economic development and Dr. Babasaheb Ambedkar's Thoughts (An Overview)

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**Introduction :** Dr. Babasaheb Ambedkar was one of the few Indians who fought hard to alter the course of Indian history through social and economic democracy. He was deeply concerned about economic and social exploitation, and according to him, peace, happiness and prosperity in India would remain a dream unless there was structural change in society and the economy.

Dr. Babasaheb Ambedkar was born in an untouchable caste which was deprived of all social, educational, religious and political rights. In spite of this he is counted among some of the most educated persons of the world. He had high degrees from America, England and Germany. Dr. B. R. Ambedkar has ported as a Dalit leader and nothing else. Very few know that Dr. Ambedkar was first Indian who trained in Economics and practice it professionally. Dr. Ambedkar's identity as an economist might have escaped their notice because of his fame as the chairman of the Drafting Committee of the Constitution and as a leader of the backward and downtrodden sections of Indian society His economic thoughts are practically relevant and applicable to Indian Economy in present and in times to come. However, of late Amartya Sen has recognized Dr. Ambedkar as the father of his economics (May 2007). This recognition might hopefully inspire economic historians to have fresh look at Dr. Ambedkar's works with unbiased minds.

During his lifetime he got opportunity of having higher education in USA and England in Economics and various other subjects in social sciences and law equipped him intellectually to study contemporary socio-economic problems that emanated from a hierarchical social structure under an exploitative foreign rule. His probing analysis of the social order and the nature of exploitation perpetrated by the traditional social system was not only revealing but helped suggest pragmatic remedial measures which, due to lack of implementation, could not produce desired results, neither in his time nor thereafter

His analytical faculty and pragmatic approach could be understood for the first time in his 42-page research paper entitled Administration and Finance of the East India Company submitted in Columbia University as the dissertation for MA (Economics) degree in 1915. This dissertation offers a historical account of the administration and finances of the East India Company and brings out economic and legal implications which ran counter to the interest of Indians.

The other work on economics was entitled Provincial Finance in British India, which was his Ph.D. thesis in Columbia University USA in 1917, and was published in book form in 1925. It was considered to be a basic contribution to the theory of public finance. To be more specific it dealt with Centre-state financial relationship in British India covering the period 1833 to 1921. This probing analysis was highly acclaimed all over the world.

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

The 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 analyzing 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.

In 1923 Dr. Babasaheb Ambedkar wrote 'The problem of Rupee, its origin and solution' book, when Indian Government was struggling with falling value of Indian Rupee. 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 in this book. He also stated in his book that the gold exchange standard does not have

stability. India is developing country therefore it cannot afford gold exchange standards, and besides this, it also increases the risk of inflation and price rise. He proved that the Indian Rupee has lost its value and hence the purchasing power of Rupee is falling. He suggested the government that deficit should be regulated and money should have a circular flow and more attention should be given on price stability than exchange rate stability.

Ambedkar submitted interesting evidence to the Royal Commission on Indian Currency and Finance when he appeared before it on 5 December 1925. This contribution might have gone a long way to establishment of the Reserve Bank of India.

Dr. Ambedkar had stressed free economy, globalization, liberalization and privatization. He said that the value (Price) of a rupee must be kept stable if the policy of free economy is to be successful. Dr. Babasaheb Ambedkar thought that without Industrialization fast development of India is not possible. The utilization of raw materials reduces foreign dependence and increasing security to labour, ultimately leads to the overall economical development of the country. His opinion that by creating large scale employment produces essential goods for mass consumption. He stated that the private sector industries cannot make big industries for want of large scale investments. So, government should come forward to start large scale industries and smaller industries should be kept in private sector. Dr. Ambedkar believed that the strategy for India's Economic development should be based on Eradication of poverty elimination of inequities and ending exploitation of masses

Dr. Ambedkar contributed a lot to lay the foundation of India's industrialization and modernization. Dr. Ambedkar was much worried about the increasing population of India resulting in problems of poverty, unemployment and hunger deaths. Hence he wanted to upgrade agriculture. In fact he wanted to give it a status of industry. Hence he put up a proposal for nationalization of agriculture land and collective farming on the pattern of Russia so that it could be mechanised. For this purpose he wanted to implement river irrigation schemes. He had drawn plans for canals by putting up dams on rivers and produce hydroelectric power. In this way he wanted the rivers to become means of prosperity by stopping destruction through floods. Dr. Ambedkar was of the firm opinion that unemployment, poverty and shortage of consumer goods cannot be removed without industrialization of India. On the contrary Gandhi was strongly opposed to use of machines and industrialization. Dr Ambedkar laid the foundation of industrialization of India by making plans for power generation, flood control, agriculture irrigation and multipurpose river schemes.

Dr. Babasaheb Ambedkar keen on agriculture and land reforms. He writes various research articles to solve the problems of agriculture and farmers. According to Dr. Ambedkar the productivity of agriculture is related to not only with the size of holdings of land but also with other factors such as capital, labour and other inputs. Therefore if capital or labour etc is not available in adequate quantity and quality, then even a large size land can become unproductive. On the other hand small size land become productive if these resources are available in plenty. Dr. Ambedkar stated that holdings of lands by few people is an acute problem of Indian agriculture which has various disadvantages, like difficulties in cultivation and utilization and resources, increasing cost, low productivity, inadequate income and low standard of living, therefore Government must enacted 'Land Ceiling and holding Act'. After independence Government of India enacted this Act. Dr. Ambedkar suggested that for solving agriculture problem are collective farming, economic holding of land or equal distribution of land, Large scale Industrialization, Provision of money, water, seeds and fertilizers by the government, cultivation of waste land by allotting waste land to landless labour, minimum wages to labours, control and regulation of private lenders of loan to farmers must be necessary.

Dr. Ambedkar's contribution as a labour leader in India. He was fully aware of the problems of the labour class. As Labour Member of Viceroy's Executive Council from 1942 to 1946, Dr. Ambedkar introduced a number of welfare measures for the working class of India. Hence as Labour Minister he enacted many labour laws out of which Indian Trade Union Act, Industrial Disputes Act, Workmen Compensation Act, Working Hours and Maternity Benefit are the main laws. The establishment of employment exchanges, machinery for fixation of minimum

remuneration, tripartite dispute settlement mechanism, fixation of working hours, working conditions, leave with pay etc. which, even today offers a safety net to labourers. These labour welfare measures take care of not only the productivity of labour, but also insurance of the claim of legitimate share of labour in the total production or income of the industry. Dr. Ambedkar viewed that, higher productivity of labour means the growth of income and legitimate share of the labour means more equitable distribution of income and less inequality of distribution, which in turns means development. Dr. Ambedkar initiated programs to increase the productivity of workers, by providing them with education and important skills required for performing jobs better, health care and maternity leave provisions for women workers. Dr Ambedkar set up the 'Tripartite Labour Council' in 1942 to safeguard social security measures for the workers, giving equal opportunity to the workers and employers to participate in the formulation of labour policy and strengthening the labour movement by introducing compulsory recognition of trade unions and worker organizations

Dr. Ambedkar stated that the “Depressed Classes” had no economic independence in India. They had no land, no social status, no participation in trade and commerce or in government jobs. So Dr. Ambedkar advocated “state socialism” in the field of industry and also state ownership in agriculture, with a collectivized method of cultivation. He was among the few who demanded nationalization of insurance. “He was of the firm opinion that the problem of landless labourers could not be ameliorated through consolidation of land or by tenancy legislation. Only collective farms could solve the problems.” For economic restructuring for caste elimination Dr. Ambedkar felt that land should be rented out to villagers irrespective of caste or creed and in such a manner that there would be no landlord, tenant or landless labourer. It should be the obligation of the state to finance the cultivation of collective farms by the supply of water, draught animals, implements, manure, seeds, etc. The state should also be entitled to levy a reasonable fee. The basic and key industries should be owned and run by the state.

Dr. Ambedkar’s dream of a society based on socio- economic justice, human dignity and equality is yet to be realized. The Socio-economic philosophy of Dr. Ambedkar reflects under Indian constitution. Dr. Ambedkar was basically a social philosopher and a humanitarian. He was mainly interested in the uplift of the downtrodden in particular, and masses in general. The basic principle of Social Philosophy are 1) Equality among human beings 2) Every human being be treated as an end in himself 3) To maintain liberty , equality , fraternity and socio-economic justice. 4) To make every human being free from want and fear. 5) To strive a secure redemption from oppression and exploitation of man by man, class by class and nation by nation. 6) To stand for a democratic society. 7) To believe in non-violence as an instrument of social change 8) To adopt peaceful and persuasive methods to avoid class conflict

Dr. Babasaheb Ambedkar has presented Democratic State Socialism to the constitution committee. The main points are:

- 1) All basic industries should be owned and run by the 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 labours.
- 8) All agriculture input like capital, seeds fertilizers 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.

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. 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. Dr. Ambedkar's contribution to economic development and progress of women is significant. Also 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 them equal rights and freedom of occupation.

#### **Conclusion:-**

From the above discussion it is to be concluding that Dr. Ambedkar's identity as an economist might have escaped their notice because of his fame as the chairman of the Drafting Committee of the Constitution and as a leader of the backward and downtrodden sections of Indian society. It is obvious that Dr. Ambedkar was very much devoted to the reconstruction of modern India, industrialization, agriculture and economic development of country. Dr. Ambedkar believed that the strategy for India's Economic development should be based on Eradication of poverty elimination of inequities and ending exploitation of masses. His Socio-economic philosophy and state socialism concept reflects under Indian constitution and his written literature. Dr. Ambedkar was really a maker of Modern India. Our nation will ever remain indebted to him for his great contribution towards economic development, industrialization and modernization of our country. We need to reconsider the thoughts of Dr. Babasaheb Ambedkar and again frame our economic policies towards better economical growth of India

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