

BABASAHEB AMBEDKAR: THE ECONOMIST

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ABSTRACT

Dr. B.R. Ambedkar; the father of the Indian Constitution, a jurist, politician, social reformer and most importantly one of the best economists of India. He was the first Indian to pursue a doctorate in economics abroad and the primary individual to earned twofold doctorate qualification in South Asia in a similar field. He was not an armchair economist but a man of action. He wrote three scholarly books on economics. The Reserve Bank of India (RBI) is based on the ideas of Ambedkar that were presented by him to the Hilton Young Commission. He analysed the nooks and corners of the Indian economy. From land reforms to gold standards, he was a genius in all areas of economics. He recommended free economy strategy such globalization, advancement and privatization as early as in 1923. He was also a Labour Member of the Viceroy's Executive Council between 1942 and 1946. He is celebrated for his glorious contributions in the legal and social framework. But he is a forgotten economist for he was a member of the historic Drafting Committee of the Indian Constitution. This paper tries to elucidate the economic ideas of the renowned leader- B.R. Ambedkar.

INTRODUCTION

"History shows that where ethics and economics come in conflict, victory is always with economics."

-B.R. Ambedkar

Bhimrao Ramji Ambedkar, famously known as the father of the Indian Constitution and a social reformer who endeavoured for the rights of the untouchables is also one of the renowned economists of his generation and the first Indian political leader to earn a doctorate in Economics. He acquired a Master's and Ph.D. in Economics from Columbia University, the USA in 1915, and 1917 respectively. Further, during these three years, he managed to complete 29 courses in economics alone. Dr. Ambedkar had published three books in the field of Economics namely: Administration and Finance of the East India Company, The Evolution of the Public Finance in British India, and The Problem of Rupee: Its Origin and

Solution⁶⁸⁹. As a trained economist, he spent a major part of his life analyzing the socio-economic conditions of the country. He came up with ideas and remedies to develop the Indian economy. For instance, the greatest Indian economist of all time Dr. Amartya Sen calls Ambedkar as the father of his economics. He further added that he is a true celebrated champion of the underprivileged. He deserves more than what he has achieved today. However, he was a highly controversial figure in his home country, though it was not the reality. His contribution to the field of economics is marvellous and will be remembered forever..!. His knowledge in economics and other social sciences has intellectually equipped him to study the socio-economic problem with extreme correctness. Unfortunately, Ambedkar as an economist remains largely unknown. This article tries to lay bare his major economic thoughts.

AMBEDKAR'S NOTION OF PUBLIC FINANCE

Ambedkar in his monumental book *"The problem of the rupee – its origin and its evolution"* discusses the evolution of the Indian currency as a medium of exchange and its equivalence in terms of precious metal such as gold and silver. He traces the history of the Indian currency between 1800 and 1893 and brings in the crisis of the currency that existed in the 1920s⁶⁹⁰. He studied the relative effectiveness of the pure gold standard vis-a-vis the gold exchange standard and supported a gold standard as opposed to the suggestion by John Maynard Keynes that India should embrace a gold exchange standard. He argued that a gold exchange standard allowed the issuer greater freedom to manipulate the supply of money, jeopardizing the stability of the monetary unit. His Ph.D. dissertation, 'The Evolution of Provincial Finance in British India' elaborates on the centre-province financial relations." He affirms that the prevailing taxation procedure is complex for a poor country like India. The burden of taxation fell mainly on the poor instead of the rich, and the public expenditure was geared towards maintaining the privileges and conspicuous consumption of the zamindar class and government officials instead of public welfare⁶⁹¹. Further, he contends that the

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⁶⁸⁹ Abhinav Prakash Singh, *Ambedkar, the economist*, Swarajya, <https://swarajyamag.com/ideas/dr-ambedkar-the-economist>, (Last visited on 20.04.2020).

⁶⁹⁰ Jadhav, Narendra, *Neglected Economic Thoughts of Babasaheb Ambedkar*, Vol. 26, No. 15, Economic and Political Weekly, pp. 980-982, (Apr. 13, 1991).

⁶⁹¹ Abhinav Prakash Singh, *Ambedkar, the economist*, Swarajya, <https://swarajyamag.com/ideas/dr-ambedkar-the-economist>, (Last visited on 20.04.2020).

centralization of government finance was a failure as there exist administrative dichotomy between the imperial and provincial government. According to Ambedkar, 'justice' was missing in the fiscal policies of British rule. Ambedkar argued that under a sound administrative system, each political unit should be able to finance its expenditure by raising its own resources, without having to depend too heavily on another. Some of the principles he enunciated such as that of price stability and fiscal responsibility remain relevant even today.

AMBEDKAR'S IDEAS ON LAND ECONOMY

Ambedkar in his 1918 publication "Small Holdings in India and their Remedies" discussed the nature of land holdings notably their fragmentation and division into an unproductive and economically in viable structure. When people were arguing for the consolidation of small landholdings, Ambedkar believed that such consolidation would not help move towards a stable economy and added that there could not be fixed landholdings. The size of landholdings shall vary depending upon the other factors of productions, such as capital, labour, organization. He insisted that industrialisation would be the possible remedy to sustain economic growth. He was more concerned with the aggregate effects of industrialisation namely a lessening pressure on land and an increasing amount of capital and capital goods would obviously create the economic necessity of enlarging the holding. He suggested industrialisation favoured agriculture in a way that it acts as a barrier to fragmentation and subdivisions of land. Another problem of Indian agriculture during the time was that agriculture was unable to generate a surplus which eventually led to the scarcity of capital. This led to the inefficient use of resources, surplus labour, and superfluous employment by raising the cost of production culminated in low agricultural productivity. Hence, Ambedkar anticipated the conception of 'disguised unemployment' three decades before Arthur Lewis for which he was awarded Nobel Prize⁶⁹². Even though Ambedkar was against most of the principles of Hinduism, he supported the Hindu law of inheritance –the rule of primogeniture⁶⁹³. He follows the ideas of Adam Smith on primogeniture and claims that it is due to the exigencies of a military life that leads to the creation and preservation of

⁶⁹² Prमित Bhattacharya, *The economics of Ambedkar*, livemint, <https://www.livemint.com/Sundayapp/lzpPIO5wsmQENPeXNWvwck/The-economics-of-Ambedkar.html>, (Last visited on 19.04.2020).

⁶⁹³ B.R. Ambedkar, small holdings in India and their remedies, volume 1, Journal of the Indian Economic Society, (1918).

large holdings. In addition to industrialization, he supported cooperative farming. He did not fail to mention the ill effects of capitalism. He feared capitalism without any restrictions would lead to oppression of the poor. He worried that a purely profit-based economy would lead to an increase in the number of private employers. Fearing starvation, the poor will have to give up their constitutional rights. He encouraged the inclusion of the chapter on directive principles of state policy which largely deals with the social and economic rights. Therefore, Ambedkar suggested state socialism which should be based on three basic tenets: (I) state ownership of agricultural land and key industries to meet the demands of the poorer strata of society; (ii) maintenance of productive resources by the state; and (iii) a just distribution of the common produce among the different people without any distinction of castes or creed. Toward the end of the Second World War, the Indian economy faced several issues with the business, horticulture, neediness, etc. Ambedkar's strategy was to come up with that and was valuable to create ventures, improve agribusiness, make work and build up the economy all through the country. Also, he was the President of Policy advisory group for Irrigation and Power.

CASTE SYSTEM AND ECONOMY

The economic independence and self reliance of an individual of a society shall alone ensure social equity and justice. The Jajmani system and the denial of ownership of properties to the Depressed Classes in the pre-colonial India paved way for hegemonic socio-economic discrimination in the society. Ambedkar, being an economist problematized the tradition old caste system and argued that the prevailing caste system in India was a major obstacle for the economic growth and development. It led to division of labour not based on individual choice but based on birth. Hence, the ill consequences of the restriction on inter-occupational mobility include unemployment and concentration of wealth among a few classes of people. The untouchables had no or very less chances to income⁶⁹⁴. Ambedkar felt it is essential to eradicate the caste system to eliminate the economic disparities. Ambedkar in "Annihilation of Caste" suggests that caste system among Indians should be abolished in order to provide economic rights to all. He felt that the consciousness among the untouchables about their economic conditions is necessary to improve their miserable conditions. Bahishkrit Hitakarini

⁶⁹⁴ Virendra Singh Sengar, *what are the economic thoughts of Dr. B.R. Ambedkar*, Quora, <https://www.quora.com/What-are-the-Economic-Thoughts-of-Dr-B-R-Ambedkar>, (Last visited on 23.04.2020).

Sabha, a central institute established by Ambedkar in 1924 worked towards the upliftment of the Untouchables and developed the economic condition of the down-trodden classes' by starting Industrial and Agricultural School. During the first round table conference in 1930, Dr. Ambedkar insisted on "Declaration of Fundamental Rights", safeguarding the cultural, religious and economic rights of the Depressed Classes. For, he considered economic rights of the underprivileged important as any other rights. One of his proposals during the conference included the establishment of special government departments for the upliftment of the economically poor depressed classes⁶⁹⁵. Ambedkar proposed to establish a Social Centre in Bombay as a model for social, economic and educational activities for the upliftment of the Untouchables. Ambedkar constituted the Republican Party of India which aimed to establish economic justice. During the All India Depressed Class Conference in 1942, he fore grounded education of the masses for their economic freedom. Never did he fail to emphasise the importance of economic independence and stability for the depressed classes in several meetings and conferences.

AMBEDKAR'S LABOUR REFORMS

"One of the best organised Trade Unions in India is the Bombay Municipal Workers union, started by the energetic Dr. Ambedkar in 1934"

-Louise Ouwerkerk

Ambedkar established the Independent Labour Party (ILP) in 1936 with an agenda to fight the social, economic and political rights of the working class. He was a saviour of the labour class. Dr. B.R. Ambedkar was a Member of the Viceroy's Labour and Executive Council between 1942 and 1946. He introduced numerous welfare measures for the working classes of India. The most important among them are establishment of employment exchanges, machinery for fixation of minimum remuneration, tripartite dispute settlement mechanism, fixation of working hours, working conditions, maternity leave, leave with pay etc. which offers a safety net to labourers till date. These labour welfare measures take care of not only the productivity of labour, but insurance of the claim of legitimate share of labour in the total production or income of the industry. His reformative measures aimed at both growth and development. Higher productivity of labour means the growth of income and legitimate share

⁶⁹⁵ http://shodhganga.inflibnet.ac.in/jspui/bitstream/10603/145202/12/12_chapter%203.pdf.

of the labour means more equitable distribution of income and less inequality of distribution, which in turns means development⁶⁹⁶.

AMBEDKAR ON TAX POLICY

Ambedkar suggested that the income of the government should be used for the well being of the poor. He in his proclamation of 'Swatantra Majdur Party' in 1936 made a few suggestions. They are as follows⁶⁹⁷:

- Tax should be based on payer's ability and not on pay.
- Tax must be less on poor and more on rich.
- Tax exception ought to be offered up as far as possible.
- There ought to be correspondence between various areas in duty burden.
- Tax ought not to prompt bringing down the standard of life of the general population.
- Land Revenue duty ought to be progressively adaptable and shall not impose on rural land

AMBEDKAR AND INDIAN CONSTITUTION

B R Ambedkar was the chief architect of drafting the Indian Constitution. He, while discussing the functions of the Comptroller and Auditor General said in 1949 during the framing of our Constitution 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" have gone into the acts of expenditure by public authorities. A main reason for the existence of public finance is that human beings living in society require certain things like roads, law and order, etc. that cannot be enjoyed exclusively. As the costs and benefits of such items cannot be internalised, they will not be supplied through the free market mechanism. Governments exist to provide these common requirements. Citizens in democratic forms of government are promised by their representatives to improve their welfare by judicious provision of such public goods and services, and they place their trust in the government by delegating authority to take taxation and expenditure decisions. Dr. Ambedkar began the arrangement for a finance commission each year in the constitution.

⁶⁹⁶ Dilip Halder, *Ambedkar the economist*, The statesman, <https://www.thestatesman.com/opinion/ambedkar-the-economist-57688.html>, (Last visited on 25.04.2020).

⁶⁹⁷ R. Nageswari, *Economic Visions of Dr. B.R. Ambedkar*, Shanlax, International Journal of Economics, <http://www.shanlaxjournals.in/journals/index.php/economics/article/view/587/469>, (Last visited on 11.05.2020).

AMBEDKAR'S ECONOMIC THOUGHTS ON WOMEN

“We have likewise taken consideration to see, and this is a significant point, that ladies will be paid indistinguishable wages from men. It is just because that he ponders in any industry the rule has been built up of equivalent pay for equivalent work regardless of the sex.”

- Dr. B.R. Ambedkar

He was the first person to propose ‘equal pay for equal work’ as a labour minister at the Viceroy’s official gathering. Ambedkar strongly felt that women had the valour to bring about a positive economic change in India. He insisted on drafting of labour laws that protected the economic rights of women in mines and factories and also for the inclusion of maternity benefits. In 1942, being a Labour Minister of Executive Council of Governor General, he introduced a Maternity Benefit Bill. Ambedkar felt that women are treated equal to animals and demanded equal socio-economic rights for the upliftment of women.

CONCLUSION

Ambedkar is strongly influenced by the philosophies of Karl Marx. To him the central idea of India’s economic development should move around eradication of poverty and the elimination of inequalities among her citizens. He is an unrivalled person with a high social commitment of establishing economic justice. Despite having so many laurels, Ambedkar being appointed in 1942 as a labour member in the Viceroy’s Executive Council characterises him as a person with high affinity towards economics and economic welfare. His ideas and recommendations stand relevant even after so many years. Ambedkar was a man of vision that aimed to develop the Indian economy to a whole new level. Yet it is a sad fact that Dr. B. R. Ambedkar is always seen as a leader associated with the Dalit community.