

ORIGINAL ARTICLE



"DR. B.R. AMBEDKAR'S CONTRIBUTION IN ECONOMIC THOUGHT"

Dr. Pranesh Kulkarni

Associate Professor Economics, Government First Grade College,
Mariyammanahalli, Tq. Hospet: Dist Bellary, Karnataka.

Abstract

Dr. Bharat Ratna B. R . Although Ambedkar is widely regarded as a leader of oppressed classes who fought against the caste system and untouchability, his contributions as an economist, humanist, sociopolitical scientist, and constitutional expert are frequently overlooked, which is shocking for the economic community. He proposed numerous economic development strategies and authored three books on the subject. He has earned two doctorates. The liberalization, globalization, and privatization strategy that Dr. Ambedkar recommended was implemented by the nation in 1990. He thought that the caste system was a big obstacle to social and economic progress. In his book titled "Evolution of Provincial finance in British India (1925)," he pointed out numerous flaws in the financial relationship between the provincial and imperial governments. He demonstrated that the fiscal system was flawed, with harmful taxes and wasteful government spending. "Problem with the rupee: its origin and solution" addresses the issue of price stability and exchange rates. He used it to suggest ways to control inflationary pressure on the Indian economy at the time, which I believe can be used by modern economists in their field of study. I have discussed his contributions to monetary economics and public finance, his views on Indian currency, the economics of caste and untouchability, the abolition of the Khoti system, his views on public expenditure, his contribution to public economics, Ambedkar's views on economic liberalization, and other topics in this paper.

Introduction :

Dr. B.R. Ambedkar (1891–56) was a multifaceted individual. He was the creator of the Indian constitution, a defender of socialism and state planning, and a keeper of social justice. Nearly every social and political issue Dr. Ambedkar addressed has an economic component. The agrarian reforms of the Indian economy in the context of small holdings and their solutions, issues with the Indian currency, the education of provincial finance in Indian, and the issue of planning and state socialism were among the economic issues that he investigated. "Ancient Indian commerce (a thesis submitted to the Columbia University for the award of the Master of Arts degree in 1915)" was one of Ambedkar's economic writings. A historical and analytical study, for which he received a PhD in

economics from Columbia University in 1916, was his thesis. a revised version of his doctorate The title of the thesis, "The Evolution of Provincial Finance in British India," was published. The provincial decentralization of imperial finance is the subject of this study. In 1921, the M.Sc. thesis written by Ambedkar on "Provincial decentralization of Imperial Finance in India" was accepted. In addition, the London School of Economics accepted his thesis, "The problem of the rupee," for consideration for the D.Sc. degree in 1923.

Objective of the study :

- 1) The financial economics thought of Dr. B.R. Ambedkar.
- 2) The agricultural economics thought of Dr. B.R. Ambedkar.
- 3) The economics of caste thought of Dr. B.R. Ambedkar.
- 4) B.R. Ambedkar's economic theory of socialism.

Financial Economics :

During his time abroad, most notably from 1913 to 1923, Ambedkar worked primarily in the field of financial economics. He conducted a ground-breaking study of how provincial finance changed in British India. It focused primarily on Imperial Finance's provincial decentralization. "The inadequacy of imperial finance was primarily due to an unsound fiscal policy," Dr. Ambedkar asserts. The government was heavily dependent on a few taxes, like the land tax, customs tax, and salt tax, which had an impact on the poor, trade, and industry, and agriculture, respectively. Due to the Imperial government's harmful revenue system, people's taxing capacity deteriorated, making it impossible for the Imperial government to meet its obligations given the numerous resources it relied on; In addition, war debts were subject to internal charges. Simply put, "the bulk of the money raised by harmful taxes were spent in unproductive ways," as Dr. Ambedkar put it. Additionally, no money was spent on education, and there were few useful public works.

Some officials advocated for a full federal system to address the serious flaws in Imperial finance. Among them, Richard Strachey stood out. However, some opposed the concept. Instead. The revenues and charges remained imperial in status under a new arrangement, but their management was provincial. The system is referred to by Ambedkar as "Imperial finance without imperial managements."

Agricultural Economics :

Ambedkar wrote a paper titled "small holdings in Indian and their remedies" in 1918. Using Adam Smith's "Wealth of Nations" as a reference, he chose an excellent middle point. "Consolidation of holdings" and "enlargement of holdings" For him, "enlargement of holdings" was a theoretical problem and "consolidation of holdings" was a practical one. The latter required a discussion of the principles governing a farm's size. The term "economic holding" comes into play whenever the size of land holdings is discussed. He was extremely critical of their current economic holding, which equated to a substantial holding. "It is believed that a large holding is somehow an economic holding," he stated. One could say that even prof. Jevons has returned to this country. He also criticized the report from the Baroda Committee. In 1917, the committee was given the task of making suggestions for the consolidation of scattered and small holdings in the state of Baroda. "The case with the Baroda committee is much worse Prof Jevons at least sticks to one definition of an

ideal economic holding, but the report of the Baroda Committee suffers from a plurality of definitions," he stated in his sharp criticism of the Report.

The definitions of the ideal economic holding, such as Prof. Jevons says that looking at it from the perspective of consumption rather than production is not the right way to judge a holding's economic character. Even though Ambedkar's significant contribution to agricultural economics lies in his suggestion that the input-output relationship should be true economic test, it would be perverse accounting to label a farm as not paying because its total output does not support the farmer's family. He thought of factor proportions and the ideal combination of them. He thought that agricultural development would benefit from industrialization. He was concerned about the rise in rural India's population from 64.4 percent in 1891 to 67.5 percent in 1901 and 71.5 percent in 1911.

Ambedkar believed that the problem of small holdings in India was derived from the root problem of poor adjustment in her social economy. He observed that subdividing and fragmenting land holdings was primarily caused by population pressure. Another factor that contributes to holdings being divided up is the absence of an alternative source of income. Small pieces of land are valued more because of these factors. His solution to the issue is to shift idle agricultural labor into non-agricultural production channels. "This will in a single stroke lessen the pressure and destroy the premium that at the moment weighs heavily on land in India," according to his own words. This traces some of the well-known solutions that were suggested to address the issue of what became known as "disguised unemployment" in 1950. Ambedkar was also of the opinion that "consolidation must come before industrialization." It should never be lost sight of that unless we have built a strong barrier to prevent a consolidated holdings from being divided up and broken up in the future. Making plans for consolidation is pointless. Industrialization is the only source of such a barrier because it is the only factor that can alleviate the extreme pressure that results in the subdividing of land.

Economic of caste :

Dr. Ambedkar claims that the "Chaturvarna" idea will fail because the original four castes have grown to more than 4,000. It ridicules the entire concept of labor division. He maintained that a civilized society should never degenerate into a division of laborers based on hierarchy and watertight compartments, despite his agreement that a division of labor was necessary. He was of the opinion that the social statues of parents and the birth-based caste system would not increase individual or social efficiency. Additionally, it would not assist the individual in reaching his full potential. The scheduled castes suffered the most from the caste system's flaws. They were regarded as belonging to "untouchable classes." in the past, they were economically, socially, and educationally behind. They were referred to by various names; The members of these castes, known as "Harijans," "exterior castes," "depressed classes," "Chandalas," and Panchmas," suffered from numerous social and economic disadvantages.

At the time, the term "depressed classes" was regarded as superior to the term "untouchables." However, Dr. Ambedkar regarded the term as demeaning and disdainful. In response to the assertion that Dr. The British government changed Ambedkar's name to scheduled castes. However, Mahatma Gandhi has favored to refer to them as "Harijans," which translates to "the children of God." Dr. Ambedkar was of the opinion that social mobility was hindered by caste. It brought social contentment. He was of the firm belief that people should be able to change their

jobs and social tensions were caused by the caste system. He stated, "Unless you change your social order, you can achieve little by way of progress" in a 1936 speech that he wrote but never delivered. The community cannot be mobilized for either defense or offense. Caste is not a solid foundation upon which to construct anything. Morality and a nation cannot be built simultaneously. Anything made of caste will break and never be whole.

Dr. Ambedkar was of the opinion that a person's social standing in our society was not determined solely by their wealth. The social status was largely determined by caste and heredity. Even if menial workers see an increase in their pay, they may still be looked down upon. In the past, even among the so-called "Untouchables," scavengers occupied the lowest status. Dr. Ambedkar said that many poor Brahmins have higher social status than Shudras, who are relatively wealthy. "The ultimate weakness and failing of the caste system and the Indian social structure were that they degraded a mass of human beings and gave them no opportunities to get out of that condition educationally, culturally, and economically," Pandit Nehru said of the caste system.

Social democracy is distinct from political democracy in India because of the caste system. "The social plane, we have in India a society based on the principles of graded inequality, which means elevation of some and degradation of others on the economic plane, we have a society in which there are some who have immense wealth, as opposed to many who live in object poverty," Dr. Ambedkar said in his final address to the constituent assembly. On January 26, 1950, we will begin a life filled with contradictions. Inequality will prevail in social and economic life, while equality will prevail in politics. We will recognize the principle of one man, one vote and one value in politics. We will be the reason for our social and economic life and structure if we continue to deny the principle of one man, one value: "If we continue to deny it for long, we will do so only by putting our political democracy in danger."

Economics of Socialism :

Socialist Dr. Ambedkar was he. He advocated for state socialism. He suggested collective farming and state ownership of land, as well as the nationalization of all important industries. He supported the insurance industry monopoly held by the state. In addition, he advocated for mandatory insurance for all citizens. Ambedkar's concept of state socialism is based on a singular political philosophy that is a singular combination of Buddhism and Marxism. "Comparison between Karl Marx and Buddha may be regarded as a joke," he acknowledges. Because they consider Marx to be so modern and Buddha to be so ancient, the Marxists may laugh at the idea of treating both men as equals. "Karl Marx is so known as the father of modern socialism and communism, but he was not primarily interested in propounding the theory of socialism, which had been done by others long before him," Ambedkar asserts. Marx's priority was to guarantee that his socialism was scientific. His crusade was not only directed at those he referred to as utopian socialists, but also at capitalists. He didn't like them either. This is an important point to make because Marx emphasized the scientific nature of his socialism the most. The sole purpose of Marx's doctrines was to support his claim that his version of socialism was scientific and not utopian.

Ambedkar did not slavishly follow Marx. In fact, he questioned the economic basis of class conflict, despite the fact that it was unrelated to the situation in India. Additionally, he did not believe that the economic interpretation of history was the only one. In addition, he did not agree that the proletariat had become increasingly impoverished. Additionally, he did not accept Marx's

assertion that socialism was inevitable. Ambedkar asserts that "Small but still important" is what remains of Karl Marx. The remaining four propositions he made were:

- 1) Philosophy should not waste time trying to explain where the world came from; instead, it should work to rebuild it.
- 2) Classes' interests are at odds with one another.
- 3) Private property ownership explains how one class gains power and another gains sorrow.
- 4) The abolition of private property is necessary to alleviate the pain for the benefit of society.

Ambedkar drew comparisons between Karl Marx and Buddha based on the preceding points from the Marxian creed, highlighting both their similarities and differences. "The differences are about the means," he said at the end. Both have the same conclusion." Buddha used the method of changing a man's moral disposition so that he would voluntarily follow the path. The communists used clear, concise, and quick methods. Those are: the proletariat's dictatorship and violence, respectively.

Dr. Ambedkar advocated for the establishment of state socialism without dictatorship and with parliamentary democracy. He wanted to keep parliamentary democracy and define state socialism in the constitution so that a parliamentary majority could not suspend, change, or abolish it. Only through these can the triple goal of establishing socialism, maintaining parliamentary democracy, and avoiding dictatorship be accomplished..

Ambedkar's Canons of Public Expenditure

When Ambedkar and others were discussing the duties of India's Comptroller and Auditor General in 1945, he made the point that the government should use public funds in a responsible manner. The public's money should be spent in accordance with rules and regulations, and faithfulness, wisdom, and economy should be respected. Ambedkar's Canon of Public Expenditure contains these principles for spending public funds. Faith is defined as duty, commitment, and promise in the dictionary. The government is obligated to provide taxpaying citizens with basic amenities. We are aware that public investment has a lengthy gestation lag period, making it easy to deceive the public. Therefore, every government ought to keep in mind that the people have a tremendous amount of faith in them, and they ought to make a commitment to providing its citizens with roads, medical facilities, and law and order. Ambedkar made the point that even if the intention to spend public funds is correct, if they are not used wisely, the planning will also fail. He has discussed the wisdom of government spending public funds in this context. He was referring to wisdom as the knowledge and experience that should be used to better spend public funds. Economy was another important aspect of Ambedkar's canon. He wasn't referring to less public spending when he said economy; rather, he was referring to how the government should spend public funds to get the most out of them.

Contribution in Agriculture Economics:

Problem with India's small holdings The primary issue with Indian agriculture is the low productivity of the land. The small amounts of land owned by farmers is one of the main contributors to low productivity. A committee was established in 1917 to offer suggestions regarding the issue of small holdings in the state of Baroda. The committee suggested consolidating the

holdings that each farmer could cultivate under the administrative measures. Dr. B.R. Ambedkar advocated for the consolidation of land holdings, but he believed that they should be owned by the state. After consolidating the acquired land, the state should allocate it to the original cultivators in a standard size without discrimination based on caste, creed, or religion. It should pay the private players, owners, tenants, or mortgagors the appropriate compensation. Ambedkar posed the question of what size of landholding might be ideal for increasing land productivity. He made the point that land is only one part of the production process; in order to boost farm productivity, other factors like capital and labor should be properly mixed in with the land. The low productivity of land can be attributed to a variety of factors. India's agriculture productivity is low due to a lack of irrigation, excess labor, and insufficient capital. In his paper "Small Holdings in India and their Remedies (1918)," Ambedkar suggested industrialization and state-owned cooperative farming as solutions. Cooperative farming is the consolidation of farmers' land holdings who are all willing to cultivate the land, but it should be governed by the government. In addition to increasing productivity, this practice will lower production costs. Ambedkar suggested that industrialization might be a different way to deal with the large amount of hidden unemployment in the Indian agricultural sector. It is possible to shift surplus labor from the agricultural sector into the manufacturing sector. In addition to increasing agricultural sector productivity, this will also boost capital goods production.

Dr. Ambedkar was one of the first Indians to earn a degree in economics from a university. In 1917, he received his PhD in economics from Columbia University, and in 1921, he received his DSc in economics from the London School of Economics. He studied the social problems in India at the time using his training as an economist, and his stimulating speeches and statements showed that he had a thorough understanding of India's economic issues. His analysis was sharp, and he used to include practical policy solutions that focused on the general welfare. Dr. Ambedkar's contributions to monetary economics, public finance, agricultural economics, the economic dimensions of the caste system and untouchability, and his strategies for the overall economic development of India are the focus of this article. In addition, I would try to highlight the current relevance of Ambedkar's ideas in relation to the various aspects of the Indian economy.

Contributions in Monetary Economics

The monumental book *The Problem of Rupee*, written by Babasaheb, demonstrates his comprehension of the monetary system. As part of his DSc dissertation, he wrote about its origin and solution. Even in front of the Hilton Young Commission, he made the arguments that were used to create the Reserve Bank of India (RBI). Ambedkar opposed one of the most prominent economists of the time, John Maynard Keynes, during the raging debates regarding the gold standard versus the gold exchange standard. Keynes supported the gold-exchange standard, whereas Ambedkar advocated for a modified gold standard. Ambedkar's main argument was that the gold standard prevented a developing nation like India from tying its money supply to gold and provided some stability for its currency. For the greater good of the poor, he emphasized the significance of price stability over exchange rate stability. He also disagreed with the fact that the gold-exchange standard gave the government unrestricted power and completely unfettered discretion to the currency issuer. Therefore, he suggested that a law be drafted to regulate the ratio of the rupee to the gold coin and that the rupee should not be convertible into either (Jadhav, 1991).

Contributions in Public Finance

The Evolution of Provincial Finance in British India, Ambedkar's PhD dissertation on the financial relationship between the Centre and the province, was another important work. Ambedkar made it clear that each administrative unit should be able to plan its own spending and raise money on its own without being heavily dependent on others. The provinces were the primary administrative units up until 1871, but they were only permitted to plan their expenditures while relying on the Centre for revenue. The state's finances became unbalanced as a result, and financial stress increased. To address the Centre-provincial fiscal relationship, subsequent systems like "budget by assignment," "budget by assigned revenues," and "budget by shared revenues" were developed.

Strategies for Overall Economic Development of India

According to Stephen (2017), Dr. Ambedkar shared Marx's views regarding the exploitation of the masses and held the belief that the means of India's economic development should be the eradication of poverty, inequality, and exploitation by the rich. However, as an economic system, he did not support communism. In his essay "Buddha and Karl Marx," he argues that, contrary to Marx's theory, economic motives cannot account for all human activity. As a result, the exploitation that results can also be religious or social, particularly in India. Ambedkar was a staunch advocate for democracy and human rights, so he did not accept communism's tendencies toward anarchy and dictatorship. He opposed Marx's concept of a society without a state because he advocated constitutional reform. In contrast to Marx's totalitarian approach, Ambedkar advocated for the state's role in driving economic development (Jadhav, 1991).

Conclusion :

Dr. Ambedkar was a great economist, but his greater contributions to the fields of law and politics outweighed his academic achievements as an economist. He was a great social reformer above all else. Dr. B.R. Ambedkar wrote the book "The Problem of the Rupee: its cause and solution (1923)" This book looks at the issue of Indian currency during a time when the British colonial government and Indian business interests were at odds. He presented this book at the London defense of his doctoral thesis. He argued for price and exchange rate stability in this book. The British overvalued their currency at the time so that they could sell their goods on the Indian market and make a lot of money. Inflation became a problem for the Indian economy as a result of this situation. Ambedkar came up with the concept of price stability rather than exchange rate stability because of this. His idea also led to the establishment of India's reserve bank. His ideas and points of view are so insightful that anyone, but especially the world economist of today, needs to read his work. Dr. Bhim Rao Ambedkar is known as the father of the Indian constitution because he was the foremost draftsman of the Indian constitution, which was adopted on November 26, 1949, and became effective on January 26, 1950. He is also known as a great leader of the freedom movement, a high-calibre lawyer, a great dalit leader, and a distinguished economist. Ambedkar opposed John Maynard Keynes' suggestion that India should adopt a gold exchange standard. Babasaheb was a highly educated individual for his time. He was the first foreigner to earn a PhD in economics. He was the first South Asian to earn a double doctorate in economics from Columbia University and the

London School of Economics. Despite having such a solid foundation in economics, Babasaheb's contributions to economics remain unpopular. His extraordinary work in sociology, law, religion, and politics has overshadowed his contributions to economics, which could be the reason. However, this does not diminish his contributions to economics. Dr.'s significant contributions "The present problem in Indian Currency," "The Problem of Rupee:" are two of B.R. Ambedkar's theses, dissertations, and papers. "Ancient India Commerce," "Its Origin and Solution," and "The Evolution of Provincial Finance in British India: Small Holdings in India and Their Remedies," "Administration and Finance of the East India Company," and "A Study in the Provincial Decentralization of Imperial Finance" In a variety of volumes, the Maharashtra government's Department of Education has published many of Babasaheb's speeches and writings.

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