

## **ECONOMIC IDEAS OF DR. B.R. AMBEDKAR AND THEIR ECONOMIC RELEVANCE**

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### **ABSTRACT**

Ambedkar had PhD degrees in economics from the USA's Columbia University and the London School of Economics. He was briefly also a Professor of Political Economy in Mumbai's Sydenham College of Commerce and Economic.

Being an economist, Ambedkar was never bound on the altar of orthodox thought and –ism. Dr BR Ambedkar is primarily remembered as a political leader, but he was also an accomplished economist. He was among the few leaders, who made colossal contributions to caste and currency, untouchability and unemployment, public expenditure and poverty removal. Ambedkar was a passionate builder of the nation. All sections of the society deprived of power will be heard. He was pragmatic on many issues of national importance, and his solutions were in line with the problems even in the globalization period. Ambedkar knew about the whirlpool of the nation building that is going to come hence proposed ways to build the nation. He ushered in the principles under which contemporary India sought to guarantee human rights through legal enshrinement for the vulnerable. Today, India is going through a very crucial phase. Ambedkar has recommended structural mechanism to deal with situation.

**KEYWORDS:** *Economic Ideas, Land Reforms, Currency System, Public finance, Agriculture and Industrialisation.*

### **INTRODUCTION**

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

#### **B.R. Ambedkar**

“Ambedkar is my Father in Economics. He is true celebrated champion of the underprivileged. He observes more than what he has achieved today. However he was highly controversial figure in his home country, though it was not the reality. His contribution in the field of economics is marvellous and will be remembered forever..!”

**- Amartya Sen (Noble Prize winner)**

Bharat Ratan Dr. Bhim Rao Ambedkar was a multifaceted personality who made significant contributions to the Indian economy. Although he is popularly known as the “Father of the Indian Constitution,” his role as an economist is not as widely recognized. Ambedkar was a dedicated student of economics, earning his M.A. degree for his thesis on “Ancient Indian Commerce.” He obtained an M.Sc. from London for his thesis on “The Evaluation of Provincial Finance in British India,” and he earned his post-doctoral D.Sc. for his thesis on “The Problem of the Indian Rupee. Due to his keen interest in the economy and economics, he served as a professor of economics at Sydenham College of Commerce & Economics in Mumbai during the early 1930s. His economic ideas on various topics, including agriculture and land reforms in India, the Indian currency system, taxation policy, industrialization, market economy, population control, and strategies for economic development, are noteworthy. His work, “The Problems of the Rupee,” was regarded as an instructive treatise. He believed that closing the mints would help prevent inflation and stabilize the internal price level. The Times (London) described the book as an “excellent piece of work,” noting that “English is stylish and easy, and his knowledge of the subject is obviously very full.” Ambedkar strongly believed that the primary cause of the backwardness of the Indian economy was the delay in changing the landholding system. He argued that the solution lay in democratic collectivism, which promotes economic efficiency, productivity, and a comprehensive overhaul of India's village economy. He was critical of the Zamindari system.

Dr. Ambedkar envisioned a form of economic realism that sought both freedom and welfare. As a prominent leader, thinker, and intellectual of his time, he transformed the lives of millions of untouchables and played a crucial role in shaping India into the world's largest democratic nation by writing its constitution. While Ambedkar's efforts to eliminate the caste system in India are well known, many are less aware of his significant

economic thoughts and contributions to the country. Therefore, it is essential to engage in a detailed discussion about his contributions to economics, particularly regarding the Indian economy.

## **METHODOLOGY**

This paper is crafted from a wealth of published information, drawing insights from books, journals, university publications, magazines, and research articles authored by distinguished scholars. Additionally, data has been sourced from various reputable websites.

Dr. B.R. Ambedkar, recognized as the father of the Indian Constitution, was a notable expert in economics, having earned doctorate degrees from both Columbia University and the London School of Economics. His economic philosophies have left a lasting impact and can be highlighted as follows:

## **ECONOMIC IDEAS**

Bhimrao Ramji Ambedkar's mastery in economics cannot be overstated. Among his influential ideas are the advocacy for a gold standard, the decentralization of government finance to allow each governmental level to independently generate revenue, and the consolidation of agricultural landholdings to maximize efficiency through economies of scale. The relevance of Ambedkar's agricultural economic theories remains significant in today's context, making his contributions vital for ongoing discussions in economic policy. Baba Saheb Ambedkar, as he is popularly known, established a strong reputation as both a jurist and a social reformer. He is regarded as the father of the Indian Constitution, having chaired the committee that drafted it. Additionally, he initiated a significant Dalit movement in India, which has profoundly influenced Indian politics and society. However, what is less known about him is his expertise in economics. After years of being overlooked, the ideas of B.R. Ambedkar are gaining renewed attention. Primarily recognized as the father of the Indian Constitution and a leader of Dalits, Ambedkar began his career in economics, making substantial contributions to major economic debates of his time. In fact, he was one of the best-educated economists of his generation in India, holding a doctorate in economics from Columbia University in the United States and another from the London School of Economics.

## **LAND REFORMS**

Ambedkar's primary economic contribution was related to the landholding system in India. He criticized the prevailing definition of economic holding, which focused on consumption rather than production. According to him, "any definition that leans on consumption mistakes the nature of an economic holding, which is essentially an enterprise in production. What is more important for the purpose of production is the process of combining the factors of production." One of the major drawbacks of agriculture in India was the failure to create a surplus, which ultimately led to a scarcity of capital. Baba Saheb Ambedkar, as he is popularly known, established his reputation as a jurist and social reformer. He is recognized as the father of the Indian Constitution, having headed the committee that drafted it. He also initiated a significant Dalit movement in India, which has transformed Indian politics and society in radical ways. Due to low agricultural productivity, the overall process of economic growth was adversely affected. Ambedkar believed that consolidating land holdings could eliminate the negative effects of fragmented land ownership and improve the welfare of cultivators. He also highlighted the beneficial impact of industrialization on the Indian agricultural sector. As he stated, "Industrialization facilitates consolidation. It is a barrier against future subdivision and fragmentation." Ambedkar opposed the concentration of land holdings in the hands of a few individuals. He advocated for the state to acquire all agricultural land currently held by private owners and suggested that the government should distribute the necessary land to farmers in rural areas based on standard size requirements.

## **CURRENCY SYSTEM**

The gold standard refers to a currency system in which gold coins are issued, and this may be supplemented with paper money. During British rule, our country was divided into three presidencies, and the British government aimed to transform the parallel standard prevalent during Mughal times into a double standard. They established an authorized exchange ratio between the pagoda, rupee, and mohur. Dr. Ambedkar provided an illustrated account of how Bengal undertook this effort to fix that ratio. Such attempts were mainly recommended by the Court of Directors but were left to be implemented by various provincial governments in India. Ambedkar explained how silver and gold standards were established through the gradual disappearance of gold currency, which was then supplemented by paper currency. He argued in favor of a gold standard,

which is a monetary system where the standard unit of currency is either a fixed quantity of gold or is maintained at the value of a fixed quantity of gold.

## **PUBLIC FINANCE**

Ambedkar's dissertation at Columbia was on the financial relations between the state and the center, guided by Edwin Seligman, one of the foremost authorities on public finance worldwide. Ambedkar argued that, under a sound administrative system, each political unit should be able to finance its expenditures by raising its own resources without relying too heavily on others.

Ambedkar's views on the rupee and public finance were responses to the pressing economic problems of his time, and not all of his analyses may be relevant today. Of all his academic publications, the one that has aged best and retains great relevance for contemporary economic debates is a 1918 essay on farming and land holdings published in the Journal of the Indian Economic Society. In this essay, Ambedkar addressed the issue of small land holdings in India and their fragmentation. After examining various proposals to consolidate and enlarge such land holdings that were being debated at the time, Ambedkar argued that the real challenge lay in increasing the capital stock, which would be possible only through greater savings in the economy. He reasoned that this was not feasible as long as a large portion of the population depended on land for their livelihood.

## **AGRICULTURE AND INDUSTRIALIZATION**

Dr. Ambedkar proposed industrialization as a solution to India's agricultural problems. He believed that the cumulative effects of industrialization, such as alleviating the impact of surplus labor and increasing capital goods, could create essential economic incentives for land holdings. Additionally, industrialization reduces the premium on land and limits opportunities for subdivision and fragmentation of these holdings. Therefore, he argued that industrialization is a powerful natural remedy. Although it may seem unusual, he viewed the industrialization of India as the most effective solution to the country's agricultural challenges.

Beyond these ideas, Dr. Ambedkar also emphasized various other economic issues, including human resources, women's empowerment, and democratic socialism.

## **CONCLUSION**

Dr. Ambedkar was a strong advocate for addressing the pressing economic issues of his time. His contributions can be categorized into three areas: as a student and teacher of economics, as a parliamentarian, and as a social reformer. He focused on economic development from an Indian perspective. As a scholar, he published significant works in reputable professional journals, books, and monographs, and participated in numerous seminars and conferences. His first published paper dealt with land reforms, farming techniques, agriculture-industry linkages, and the limitations of agriculture on employment generation and poverty alleviation.

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