

# Dr. Bhimrao Ambedkar's Thoughts on Economy Reform

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**Abstract:** *In this chapter, I have analyzed economic thoughts of Dr. B. R. Ambedkar, mainly economic ideas reflected in his writings such as, 'The Problem of Rupee: Its origin and its solution', 'The Evolution of Provincial Finance in British India: A Study in the Provincial Decentralization of imperial finance', It can be said that Indian economy at present is facing many problems similar to that at the time of Dr. B. R. Ambedkar as instability of money leading to inflation, its socioeconomic implications and its unequal effects on various strata of society, uneconomical public expenditure and rising fiscal deficits, increasing inequalities of income and wealth, and so on. Are Ambedkar's economic thoughts relevant to understand these problems as well as to provide its solutions? Analyzing his economic ideology, it can be said that India could have been more inclusive if his ideas had been followed in its true spirit. So we can say that India needs to follow his economic ideology in her short term as well as long term economic planning and policy making to shape Inclusive India.*

**Keywords:** B.R Ambedkar's Thoughts On Economy Reform, Reserve Bank of India, Gold Exchange, Land Revenue and Taxation.

## I. INTRODUCTION

Dr. BhimRao Ambedkar was known as Babasaheb Ambedkar, a multitalented and multidimensional personality once in a decade ever take birth on Earth such as the personality of our Baba Saheb who was not only a politician, jurist, economist, and social reformer but a messiah who inspired Dalit - Buddhist movement and stumped against social inequity towards the untouchables (Dalits). Baba Saheb was credited sovereign India's first Minister of Law and Justice, and the head planner of the Constitution of India. We know him as the chairman of the drafting committee of the constitution, but he was foremost an economist. In fact, he was the first Indian to be awarded a Ph.D. in economics from Columbia University, USA. Dr. Bhimrao Ambedkar, the best thinker of the 20th century, a brilliant writer, and a famous orator and the first law minister of independent India. As an expert of law, tireless hard work and rich and liberal with excellent skills, but a strong person, Dr. Ambedkar contributed significantly in the formulation of the Constitution. Dr. Ambedkar is also considered the father of the Indian Constitution.



Ambedkar was the first Indian to pursue a doctoral degree in economics from abroad. He argued that industrialization and agricultural development could lead to growth in the Indian economy. He emphasized investment in agriculture as the primary industry in India. According to Sharad Pawar, Ambedkar's philosophy helped the government to achieve its food security goals. Ambedkar believed and promoted the national economic and social development, education, public sanitation, community health, residential facilities as basic amenities insisted upon. He computed the loss of monetary and development caused by East India Company (British) rule.

Dr. Ambedkar used to emphasize rights as well as duties. He believed that a person should not only be aware of the protection of his rights, but should also strive for it, but we should not forget the truth that along with these rights we have some duty towards the country. These ideas about rights become more important in the present time. In fact, in the present world, governments give some fundamental rights to their citizens to get equal opportunities for development, although the fundamental duties are also talked about along with the basic needs.

Work for the working class: Baba Saheb strived not only for the rights of untouchables, women but also for the reconstruction of the entire society. He did remarkable things for the welfare of the working class. Earlier, workers were employed for 12-14 hours daily. Due to their efforts, the rule of working for eight hours per day was passed. Apart from this, the Indian Trade Union Act, Industrial Disputes Act, and Compensation, etc. was also reformed for the workers. It is noteworthy that he motivated the workers to take actively participate in politics. Most of the present labor laws are made by Baba Saheb, which gives his ideas a living.

## **II. RESERVE BANK OF INDIA**

Ambedkar was trained as an economist, and by 1921 had become a professional economist. When he achieved a name and fame in the political sphere he wrote three scholarly books on economics firstly and foremost;

1. Administration and finance of the East India Company
2. The Evaluation of Provincial Finance in British India
3. The problem of the Rupee, its origin and Its solution

The Reserve Bank of India (RBI) was based on the ideas of Ambedkar, which he presented to the Hilton Young Commission.

## **III. B. R. AMBEDKAR'S THOUGHTS ON ECONOMY REFORM IN HIS DISSERTATION**

The problem of the Rupees in his D.Sc dissertation: Its origin and its solution (History of Indian currency and Finance) presented at the London School of Economics and subsequent statements and proof in front the Royal Commission on Indian Currency and Finance, Dr. BR Ambedkar cautiously analyzed the problems related to the neglected period of Indian currency, spanning 1800 to 1893. The development of currency in India was also analyzed the most using a historical perspective. Indian currency was in the first quarter of the twentieth century.

Dr. Ambedkar supported the heavy industries and supported the handing over of the original industries to the state in the context of ending economic exploitation. He was a supporter of mixed economy. It was proposed that agriculture should become the industry of the state, that is, by giving compensation to the agricultural owners, tenants, etc., the state should acquire the land and do collective farming on it. Thus Bhim Rao supported cooperative agriculture.

Economic Sector: Even today, in the Indian economy, poverty, unemployment, widespread inequality in income and wealth, illiteracy and unskilled labor, etc. are problems. Dr. Ambedkar's important idea about the economy can be seen under the published book on economy.

In his work called the problem of the rupee: Its origin and its solution, Dr. Ambedkar, during 1800 to 1893, tested the development of Indian currency (rupee) as a medium of exchange and the problem of choosing the appropriate monetary system. When the Indian economy is facing two-four of the problems of currency devaluation and inflation, the results of his research can not only be important in understanding the problems but also pave the way forward for its solution.

In his DSC dissertation, he analyzed how rupee evolved from a double standard to a silver standard and how the evils of instability associated with it; for its development towards a gold standard and again for a gold exchange standard.

They also analyzed Qualitative and demerit gold to pure gold standard for exchange standard. They also analyzed Qualities and demerits of the pure gold standard philosophy of the gold exchange standard, in this relation, Ambedkar preferred and criticized the gold standard over the gold exchange standard.

In fact, Ambedkar was in favor of gold Standard of modified form. In the standard of pure gold, gold in some form, especially coins, is used, medium of exchange. In its revised form, besides gold coins, paper money is also released and pledged to be redeemed in gold. In contrast, under the gold exchange standard paper only Currency can be exchanged with gold at a fixed rate, it is used as a medium of exchange; here the authorities have returned it with foreign exchange reserves of countries which are on gold Standards. According to him, the gold standard is more stable than the gold exchange standard. The former due to its intrinsic characteristics; the money supply is more stable than the latter. In the context of India, provide empirical evidence to show that prices below gold are more stable Form than the standard under the gold exchange standard

India used historical perspective during the period 1833 to 1921. According to Dr. Narendra Jadhav, ex-member of the planning commission, "Ambedkar's book on economic relations between Provinces(now states) and the central government of the country during the British rule is still a reference book for all economists and the main inspirational source for finance commissions in the country.

Ambedkar, in his article published in 1918, gave a clear overview of the Indian agricultural system in Small Holdings in India and their Remedies. He drew some important results by critically examining the Indian agricultural system, whose relevance remains to this day. He believed that if agriculture is treated like other economic enterprises, the distinction between large and small holdings will be eliminated, which will bring prosperity in the agricultural sector. Another of his research, The Evolution of Provincial Finance in British India, has relevance even today. In this research, he emphasized a simple tax system for the development of the country. For this, he gave the idea of freeing the then government fiscal system. Dr. Ambedkar played an important role in economic planning in India and the establishment of institutions established after independence to strengthen the Indian economy in the contemporary economic issues and in the long run.

#### **IV. LAND REVENUE AND TAXATION**

Dr. Ambedkar resisted Land Revenue and its system and their taxes as the onus of these taxes are insignificant on the poor sections of the society. Though B.R. Ambedkar suggested some Tax should be thrust upon on payer's capacity and not on income. It should not be a burden on poor and Tax exemption should be given up to a certain limit. It should be based on equality between different sections in tax imposition. It should not lead to lowering the standard of life of the people. Land Revenue tax could be more flexible and must not levy on agricultural land. Ambedkar suggested that the Indian tax system at that time was based on discrimination and inequality.

During British rule, 70-85% of the Economic activities were related to agriculture, India's economy was mostly agrarian since most of the population was living in small towns and villages. The literacy rate was very low and it was the biggest reason people were associated with it. Despite having so many farmers, the Agricultural growth was very low. There were many reasons and one of those was an evil law called the Zamindari system.

The History of steps in India was The East India Company established itself in India by first becoming Zamindars of three villages of Calcutta, Sultani, and Govindpur, and finally, they acquired the 24-Parganas and in 1765 got control of Bengal, Bihar, and Orissa.

During the Mughal Era, the Zamindars were not proprietors. Zamindars used to engage in wars and used to plunder neighboring kings. Zamindars never looked after the improvements in their land. EIC (East India Company) Company under Lord Cornwallis, realizing this, made Permanent Settlement in 1793 with the Zamindars and made them proprietors of their land in return for a fixed annual rent. Its Permanent Settlement created the new Zamindari System as we know it today. So when the Zamindars were not able to pay the rent until sunset, parts of their estates were acquired and auctioned. It created a new class of Zamindars in society. As the rest of India came later under the control of the East India Company, different ways were implemented in different provinces to subjugate the ruling chiefs.

Colonists of India mostly endorsed the zamindari system of revenue collection in the north of the country. Colonists recognized the zamindars as landowners and proprietors as opposed to the Mughal government and in return required them to collect taxes. The British India Company used the Cultivator method of collection, which involved certain poor farmers as being landowners and need them to revoke their taxes directly.

Colonists continued the tradition of bestowing both royal and noble titles to zamindars who were loyal to the paramount. According to an estimate in the Imperial Gazetteer of India, there were around 1000-2000 ruling chiefs holding the royal title of Raja and Maharaja which included the rulers of princely states and several large chiefdoms. This number increases tenfold if zamindar/ jagirdar chiefs with other non-royal but noble titles are taken into count. The profit generated from Agricultural activities was used to fatten the Zamindar (Who owned land) instead of the skinny cultivators who were dying of thirst and scarcity of food. They were deprived of everything they needed and well deserved. The revenue to the Zamindars was fixed so they did not bother about improving the condition of the cultivators. Some farmers thought of producing cash crops instead of food crops but it resulted in Britishers getting richer since these crops were used by them in their British industries.

Our enormous agrarian county was once stumped as – The Golden Bird. ( Sone ki chidiya wala desh ) a country with immense wealth in the name of Spices, Herbs, Cotton and Textiles This is not an Embellishment but certain with fact as it is worldwide proven that once India supplied to more than 30% of World's GDP, so it created attention to worldwide to set eyes over Indian territory. During British rule, most of the wealth of India was compiled by selling Spices, Herbs, Cotton, and Textiles to western countries. So what happened to this great nation of fine craftsmen and outstanding textile manufacturers? This shows that the demise of Golden Birds initiated by the steps of the British and demolished by the establishment of East India Company. British came here to gain profit in business but then they detected how easy it was to dominate us because India at the time of divided on the basis of social stratum, Varna system, dogma, color, and cultural differences. So they grasped this malpractice as a weapon to exploitation which later crippled the Indian Economy which never dared to stand on its foot again to date.

Their perceptions started sewing plans about spinning their ideas into reality. Gradually, they turned us into their slaves and we were compelled to pursue them because they easily viewed and snatch the golden opportunity which prevailed in our society to created havoc and differences among us in the name of the caste system, this caste system played a trump card to divide and rule in India.

They wiped out our existence and jerked everything we had. From a country that produced the magnificent spices, cotton, silk, and textiles in the universe, we became the suppliers to Britain's own Industries. While India's Handicraft industries underwent, British industries flourished. They bolstered on our sweat and blood while we withered and perished. They demolished our commerce and their wealth increased a thousand fold. Soon, the control was transferred from Company to Crown but nothing changed.

## **V. CONCLUSION**

It can be said that Dr. Ambedkar's Thoughts on Economy Reform has not been researched so far and lack has been done on the economic views of BR Ambedkar. His economic ideas were reflected in his books as the problem of the thought money: its origin and its solution ' need to be researched and analyze for the improvement of the Indian economy but Alas! No effort has been yet taken into consideration. "A development of provincial finance in British India"; A study in the provincial decentralization of imperial finance has not been much research. And because of this million, many of his ideas, most important and most appropriate for the Indian economy, it is ignored in policymaking in India.

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