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AMBEDKAR'S THOUGHTS OF ECONOMICS: AN ANALYSIS

KEY WORDS:
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ABSTRACT

Dadasaheb Dr. B.R Ambedkar was among the most excellent intellectuals of India in the 20th century. His one of the multidimensional personalities having great noteworthy contribution in economics is significant. His gives some economics thoughts "Small Holdings in India and Their Remedies: Ambedkar wrote in "Small Holdings in India and Their Remedies" in 1918, Ambedkar considered the problem of small landholdings in India and their fragmentation. Ambedkar argued that the real challenge lay in raising the stock of capital and that will be possible only if there is greater savings in the economy. was internal stability and he was convinced that only an automatic system based on gold standard with gold currency could achieve this desirable end. Further on, he says immediate efforts to rectify the inequalities in the general system of taxation. Thus Ambedkar thought on public Finance and agriculture has vital relevance and still applicable as positive solution for current economic problems in India.

INTRODUCTION

Dr. B.R. Ambedkar popularly known as Dr. Dadasaheb Bhimrao Ramji Ambedkar was a multifaceted personality, an intellectual a philosopher, a patriot, a social reformer, Champion of Dalit's, a scholar, a writer constitution maker, an Economist and one of the famous lawyers and a feminist. He earned the unique distinction of being India's first monetary economist who prudently analyzed the problems of Indian rupee. Is a Ph.D. thesis the problem of Indian Rupee, Its original solution inspired to set up for the inane commission of India and his works helped a lot in framing guidelines for the RBI Act 1934.

Ambedkar was one of the first Indians to undergo formal training in economics and practice it professionally. In his preface to the Indian edition of this The Problem of the Rupee, Ambedkar wrote that he would shortly bring out a second volume covering the period from 1923 onwards. But independent India was born and he was required to devote much of his time and expertise to law and politics. Thus, while India gained a visionary Constitutional expert and leader for millions, she lost a far sighted and pragmatic economic thinker who believed in a strong, pro-people economic policy.

OBJECTIVES OF THE STUDY

- To study the challenges of Indian Economy.
- To study the economical thoughts of Dr. B. R. Ambedkar for Indian economy.

RESEARCH METHODOLOGY

This Research Paper highlights the Importance of Economics of Ambedkar for the development of Indian Economy. The study is purely based on secondary data; the secondary data collected from the various sources such as books, journals, newspaper, Websites, Research articles & Reports. **Economic Thought's of Dr. B. R. Ambedkar for Indian Economy.**

SMALL HOLDINGS IN INDIA AND THEIR REMEDIES:

Ambedkar wrote in "Small Holdings in India and Their Remedies" in 1918, Ambedkar considered the problem of small landholdings in India and their fragmentation. After examining various proposals to consolidate and enlarge such landholdings that were being debated in those days, Ambedkar came to the conclusion that such proposals were fundamentally flawed. Ambedkar argued that land was only one of the factors of production required to produce crops,

and unless it was used in an optimal proportion with other factors of production, it would be inefficient. Landholdings should, therefore, not be fixed but should ideally vary with the availability of other factors of production: increasing with the availability of farm equipment and shrinking if the latter shrank.

Any proposal to enlarge holdings can be entertained only if it can be shown that the availability of farm implements has grown considerably in the country, argued Ambedkar. And he then marshalled data to demolish that argument by showing that capital stock had, in fact, declined. Ambedkar argued that the real challenge lay in raising the stock of capital and that will be possible only if there is greater savings in the economy. This was not possible as long as a great mass of people depended on land for their livelihoods, he reasoned.

His analysis, as we will see, holds true even for present-day issues in agriculture. If we had people like him at the helm of economic affairs, many farmer suicides in the years may not have occurred, because he recognized that labour, capital and capital goods are all crucial to agricultural production in India. This is in contrast to the today's agricultural policy, which favors increased mechanization and capital intensive production and makes it uneconomical for smallholders to continue in farming and drives farm labour to migration, destitution or suicide.

INDUSTRIALIZATION:

Ambedkar posited industrialization as the answer to India's agricultural problem, "industrialization of India is the soundest remedy for the agricultural problems of India". The cumulative effects of industrialization, namely a lessening pressure (on land) and an increasing amount of capital and capital goods will forcibly create the economic necessity of enlarging the holding. Not only this, industrialization by destroying the premium on land will give rise to few occasions for its sub-division and fragmentation.

DR. AMBEDKAR'S APPROACH OF TAX:

Capital exists, but labour lives. That is to say, capital when idle does not earn, but does not also consume much to keep itself. But labour, earning or not, consumes in order to live. Idle labour is, therefore, a calamity; for if it cannot live by production as it should, it will live by predation as it must... For we most strongly hold that the evil of small holdings in India is not fundamental but is derived from the parent evil of the mal-adjustment in her social economy... If we wish a permanent

cure, we must go to the parent malady. But before doing that we will show how we suffer by a bad social economy... The income of a society, as of an individual, proceeds

1. From the efforts made, and
2. From possessions used.

It may be safely asserted that the aggregate income of any individual or society must be derived either from the proceeds of the current labour or from productive possession already acquired. We have thus shown how our bad social economy is responsible for the ills of our agriculture. Consequently the remedy for the ills of agriculture in India does not lie in enlarging holdings but in increasing capital and capital goods. That capital arises from saving and that saving is possible where there is surplus is a commonplace of political economy".

He goes on to explain, with relevant data, that the unproductive tilling of land, for want of adequate inputs like capital and capital goods, is responsible for low productivity. Finally comes up with his prescription: "Industrialization of India is the soundest remedy for the agricultural problems of India." He points out that this will at one stroke deal with the issue of idle labour, the generation of surplus, and pressure on the land and, consequently, reduces its further fragmentation. Thus, he is that rare economic theorist who has a pragmatic and pro-people approach to economic policy and planning. His insistence on a "social economy" perhaps makes him unique among modern economic thinkers.

1. Tax must be levied on taxable capacity or income.
2. It must be progressive the rich must be taxed more and the poorless.
3. Exemptions to tax payers should be allowed to those who have income below a certain limit.
4. Land revenue item must not be rigid but elastic and subject to variations.
5. There should be equity in taxation.
6. No taxation system should be manipulated to lower the standard of living of the people.
7. There should be efficiency in taxation.

Ambedkar emphasized the necessity of changing the attitude towards the taxes. Therefore, he suggested taking immediate efforts to rectify the inequalities in the general system of taxation. In the interest of the raising revenue and uniform tax on agricultural sector the Union Government might levy this tax as per arrangements under Article 268 of the Indian Constitution.

Taxation by Adam Smith, very little of note was to be found on the subject for over 200 years until Ambedkar wrote on the subject in the draft constitution in 1949. Explaining the formation of the Comptroller and Auditor General (CAG), he stated 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.

Ambedkar's conclusion is clearly towards price stability through conservative and automatic monetary management, this is of such current relevance that in these days of burgeoning budget deficits and their automatic monetization, and it would appear that we could do with an effective restraint on liquidity creation through an automatic mechanism.

PROBLEM OF THE INDIAN RUPEE: ITS ORIGIN AND ITS SOLUTION

Ambedkar analyses the vagaries of the fate of the Indian rupee in the context of the international market. While the value of the Indian rupee in the 19th century was based on the silver content in it, the rise of gold as legal tender linked it to

the price of gold. Gold discoveries in Australia and the United States of America caused a fall in the value of gold, and later discoveries in silver also caused the value of silver to plummet. An inevitable consequence was the devaluation of the rupee, which adversely affected the economy in India. In 1899, the government permitted the issue of gold coins, even as silver rupees continued to be used.

In 1906, the gold standard was established, which linked the value of the rupee to gold. But the gold, which guaranteed the rate of exchange of the rupee, was held in London instead of in India. Against this gold, rupee currency was issued almost without limit. Then, in 1916, the gold standard broke down, and the value of the rupee again came to be linked to the value of silver. In his analysis, Ambedkar strongly criticized the prevailing support for the silver standard from even the then leading existing economic theorists, including John Maynard Keynes. Ambedkar preferred the option of the gold standard, with a gold currency, but with the provision that the currency management should be strong. Overall, he insisted on the need to "keep money stable in terms of commodities in general, and that is but proper, for what ministers to the welfare of people is not so much the precious metals as commodities and services of more direct utility".

CONCLUSION

Ambedkar covers all the aspects of development and recommended the currency system which maintain stability & save people from the evils of inflation. Ambedkar opposed to the division of laborers. Although Ambedkar point out in favor of industrialization and urbanization, he also warned of the ills of capitalism, arguing that unfettered capitalism could turn into a force of oppression and exploitation. His economic thoughts have been useful and can be used as positive solution for current economic problems in India. Economic philosophy of Ambedkar is highly appreciated by the world but our own country has neglected it. We must follow the economic path of Ambedkar to achieve the goal of development representing equality, justice & dignity.

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