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Dr. B. R. Ambedkar's Views on Indian Economy and Society

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Abstract

Emancipation of Dalits from social prejudice, economic estrangement, and political exclusion were fundamental concern of Ambedkar's vision of social justice and in identifying the problems with Indian caste society. Babasaheb Ambedkar was scholar in law, economics, sociology, media, politics, and social reforms. Dr. B.R. Ambedkar viewed rapid industrialization as the primary remedy for India's poverty, agrarian distress, and caste-based social stratification. Industrialization is a powerful and natural solution to India's poverty and unemployment problems. In 1922, the Jat-Pat-Todak Mandal was established in Lahore as a branch of the Arya Samaj.Jat-Pat Todak Mandal (Society for the Break Up of Caste System) invited Dr. B.R. Ambedkar to preside over their annual conference in 1936. The Currency Act of 1835 resulted in one of the biggest financial revolutions in Indian history. Dr. B.R. Ambedkar extensively analyzed this act in his seminal work, The Problem of the Rupee: Its Origin and Its Solution (1923), arguing that this shift was a pivotal moment in the systematic exploitation of the Indian economy. In this context, this research paper mainly focuses on the economic thoughts of Dr. B.R. Ambedkar on the Indian economy and society from a theoretical perspective.

Key Words

Society, Caste, Dalits, Economy.

Introduction

Dr. B.R. Ambedkar contribution as a founding figure for lying the corner stone of Indian economy and policy making has been under represented in the main stream narrative of India's development. Dr. B.R. Ambedkar (1891–1956) was an exceptionally educated legal scholar, economist, and social reformer who overcame severe caste discrimination to earn numerous degrees from top global institutions. He obtained degrees from Mumbai University, Columbia University (Ph.D.), and the London School of Economics (DSc), specializing in law, economics, and political science, serving as a foundational intellectual for modern India. Dr. Bhimrao Ramji Ambedkar is commonly known for his revolutionary contributions to social justice, legal reforms, and the advancement of the underprivileged. And certainly as the architect of the Indian Constitution.

His works ranging from labor policy to monetary economics, demonstrate a thorough multidisciplinary grasp of India's socioeconomic problems both during and after colonialism. His economic thoughts based on justice and equity, promoted a comprehensive overhaul of Indian society via planned industrial development, fiscal decentralization, inclusive growth, and state-led market intervention.

His work The Problem of the Rupee: Its Origin and Its Solution (1923) and his doctoral thesis at Columbia University, The Evolution of Provincial Finance in British India (1917), show his command on economic institutions, monetary stability, and fiscal policy. Ambedkar incorporated his economic vision into policies, laws, and institutions that continue to direct India's development path while serving as the Chairman of the Drafting Committee of the Indian Constitution and as a member of the Viceroy's Executive Council (1942–1946) in charge of labor.

Ambedkar's groundbreaking book The Problem of the Rupee: Its Origin and Its Solution (1923), which addressed the monetary instability brought on by the British colonial currency regime, was one of his first economic contributions. The Reserve Bank of India (RBI) was founded in 1935 as a result of his systematic criticism of currency devaluation and support for a central bank-anchored managed currency system.

His promulgation for land reforms and state control over industries resonated in the early economic policies of independent India and is still heard in discussions about resource redistribution, welfare economics, and public sector efficiency. During his time as the Viceroy's Executive Council's Labour Member (1942–1946), Ambedkar also played a significant role in forming India's labor laws. Ambedkar established important safeguards like the eight-hour workday, equal pay for equal work, and social security during a period when the working class was mainly ignored. These actions demonstrated his strong commitment to a rights-based economy and laid the foundation for post-independence labor laws. He anticipated the current emphasis on human capital development as a catalyst for economic advancement by extending his vision to include the promotion of technical education and vocational training.

Ambedkar envisioned a bottom-up model of growth where the empowerment of the marginalized was not only morally required but also economically prudent, in contrast to the trickle-down assumptions that underpinned much of early developmental economics. He believed that without access to quality education, Dalits and other lower-caste groups could never achieve true equality (Deshpande, 2011)

In an effort to transform the Indian economy from a feudal-colonial structure to one of participatory democracy and economic citizenship, he has proposed land redistribution, public sector expansion, and cooperative farming.

Ambedkar's emphasis on women's economic empowerment is another noteworthy feature of his economic philosophy. Ambedkar acknowledged the importance of gender in achieving economic justice as early as the 1940s. During a period when patriarchal structures dominated legal and economic systems, his draft of the Hindu Code Bill aimed to give women equal rights to property and inheritance.

Objective of the Study

- To study the relevance of Ambedkar's economic ideas from present economic perspective.
- To explore the major economic ideas of Ambedkar.
- To examine Dr. Ambedkar's economic ideas and reforms from a scholarly and practical standpoint.

Methodology

The prepared paper is based on information that has been published. Books, journals, university publications, magazines, and research articles written by research scholars are the sources of information. The various websites are also used to gather information. The Dr. Ambedkar was well-versed in the effects of different economic policies on the economy. The following is an analysis of Ambedkar's major contributions to the principles of economics.

Economy and Social Justice

Ambedkar believed that in order to address historical injustices, redistribution and the establishment of institutions were required. He placed a strong emphasis on state-led economic initiatives to empower the poor, such as labor protections, public sector employment, reservations in employment and education, and land reforms. These were rights guaranteed by the constitution, not charitable deeds. "Without economic equality, political equality is meaningless," he once said. His call for the annihilation of caste was not just a critique of society but a demand for radical reforms in social, political, and economic structures to create a fair and just society (Ambedkar, 1948)

Amartya Sen's Capability Approach in Development as Freedom, which contends that development must be gauged by the expansion of people's freedoms and capabilities rather than just GDP growth, strongly resonates with Ambedkar's model of social democracy, which integrated deeply with the economic sphere and advocated for substantive justice as well as formal equality. He contended that the abolition of the caste system necessitated not only political and social reform but also a repudiation of the religious and cultural traditions that upheld it. This act of disobedience incited extensive debate and controversy while simultaneously invigorating the anti-caste movement, motivating numerous untouchables to challenge the scriptural authority that justified their subjugation (Rokade, 2022).

Therefore, Ambedkar's economic justice model was transformative rather than merely distributive or reactive. It aimed to reorganize the distribution of power and resources in society so that all citizens, regardless of caste or class, could live free and dignified lives. Ambedkar provided a vision of democracy based on equality, supported by institutional guarantees, and confirmed by international theoretical models that appeared just a few decades later by balancing justice with development. In modern India, Dr. B. R. Ambedkar efforts to social justice are very significant.

Policies for Land Reforms and Agriculture

Ambedkar provides a harsh critique of the Indian agricultural system in his groundbreaking book "The Annihilation of Caste," arguing that it is incredibly unfair and exploitative. The caste system, which Ambedkar felt had a significant influence on the organization of Indian agriculture, was at the center of his criticism. Ambedkar claimed that the caste system had established a strict hierarchy in which some castes, especially the upper castes, possessed disproportionate wealth and power. The agricultural system, which was typified by large landholdings owned by wealthy landlords who employed a large number of landless laborers to work on the land, was a reflection of this power imbalance. He claimed that because the landless laborers were compelled to work in difficult conditions for meager compensation and benefits, this system was intrinsically exploitative. he insisted that economic marginalization reflected in landlessness, low wages, and lack of education was structurally connected to caste hierarchies (Thorat & Newman, 2012)

Ambedkar recognised the need for land reforms to address the inequalities in land ownership.The Zamindari system created a landlord class controlling vast land and exploiting tenant farmers. The Zamindars were responsible for collecting revenue from the peasants who worked on their land and were given a significant degree of autonomy in managing their estates. The system was marked by a lack of centralisation and accountability, leading to the zamindars' widespread exploitation of the peasants.It resulted in the exploitation and impoverishment of the peasant farmers who were forced to pay high rents and taxes to theirZamindars. The Zamindari Abolition Act of 1951 eliminated the Zamindari system throughout India. However, landlordism and the concentration of landownership in a small number of powerful families are the ways that its legacy is still felt in many parts of India. In his article "Small Holdings in India and Their Remedy" (1918), Ambedkar argued that fragmented land (sub-division) was the root cause of inefficient farming. He proposed combining these plots into large-scale, state-managed collective farms. He proposed that agriculture should be a "state-run enterprise" where ownership might remain with farmers, but cultivation is collectively managed. This would make the use of modern machinery and techniques viable.

Labour Reforms

There was no formal framework for labor and management consultation prior to Ambedkar taking over the Government of India's Labour Department. There was no collaborative framework in place, and the two parties handled matters of common interest independently. But under Dr. Ambedkar's direction, this drastically changed as he instituted a tripartite strategy, which brought together government, employer, and labor representatives. The development of labor policies and the creation of important programs were made possible by this approach. Dr. Ambedkar reduced the working day from 12–14 hours to 8 hours (48-hour week) during the 7th Indian Labour Conference in 1942. He pioneered the practice of inviting representatives from government, employers, and employees to discuss labor policies, creating the Indian Labour Conference. He championed women's rights through the Mines Maternity Benefit Act, providing 16 weeks of maternity leave, and ensuring equal pay for equal work. He pushed for minimum wages, paid leaves, and dearness allowances, laying the groundwork for the 1948 Minimum Wage Act. Ambedkar advocated for trade union recognition and passed the Industrial Disputes Act to enhance collective bargaining.

Monetary Policy and Fiscal Planning

In order to prevent wealth concentration, Ambedkar's contributions to fiscal planning centered on fiscal federalism, provincial autonomy, and equitable taxation. In order to promote economic efficiency and equity, he was a pioneer of financial decentralization, arguing for a balance between central authority and provincial financial independence. His work laid the groundwork for the modern Finance Commission, which manages the vertical and horizontal distribution of taxes between the Center and states. The conceptual framework of the RBI was based on recommendations provided by Dr. Ambedkar to the Royal Commission on Indian Currency and Finance (Hilton Young Commission) in 1926. Dr. Ambedkar envisioned a strong central bank to move away from the British-controlled silver standard and to protect the Indian economy from volatility. Ambedkar's 1923 book, The Problem of the Rupee – Its Origin and Its Solution, laid the groundwork for the Reserve Bank of India (RBI). The RBI was established on April 1, 1935, as a direct result of his research and evidence presented to the Hilton Young Commission. Although Ambedkar was not officially credited in contemporary accounts, his theoretical vision closely informed the design and function of the institution. His conception of the central bank was not limited to conventional fiscal oversight; it was imbued with broader developmental and democratic responsibilities, advocating for an autonomous and transparent authority that would stabilize prices, manage currency issuance, and facilitate inclusive access to credit (Kelkar, 2019, pp. 55–59).

Mixed Economy Model

He believed that important industries and agriculture should be owned by the state. According to him, collective farming and state-led development should be the goal, which should also end labor exploitation. He viewed rapid industrialization as the primary method to solve Indian agricultural distress and move surplus labor from farming into higher-productivity sectors. According to Dr. Ambedkar, the main goals of India's economic development strategy should be to eradicate poverty, eliminate inequality, provide welfare work for laborers, and put an end to mass exploitation. Dr. Ambedkar opposed monopolies in all their forms because he understood that they breed exploitation. Private sector monopolies directly or indirectly drain the blood of the average person. It does this directly by forcing laborers to work for low pay, and indirectly by creating artificial scarcities that drive up the price of their goods. Dr. Ambedkar therefore supported the idea of a mixed economy, in which the public and private sectors coexist with important industries like electricity, railways, roads and defense are managed and governed by the state, but the private sector also thrives in the remaining industries. But Dr. Ambedkar contended that the poor masses of Indian society, especially the working class, should be the main focus of planning. Entrepreneurs from the public sector should be present for that reason. Therefore, Dr. Ambedkar opposes nationalizing every sector of the economy. There should be democratic control over some of them.

Financial Inclusion

Dr. Ambedkar saw financial inclusion as a crucial instrument to end economic exploitation based on caste and guarantee social justice for underprivileged groups. He supported land reforms, state intervention, and fair resource distribution because he believed that social equality depended on economic self-sufficiency. He believed that caste-based discrimination is sustained by economic deprivation. Therefore, true empowerment requires ending reliance on dominant castes and providing SC/ST communities with financial autonomy. Through his theories, he sought to eradicate all forms of caste-based economic exploitation and establish an inclusive economy for all people, particularly those historically denied the opportunity to thrive. According to Ambedkar, education is the foundation for economic liberation. He stated that education is the only way for the underprivileged to combat systemic oppression and obtain access to economic opportunities. He maintained that in order to ensure fairness in the distribution of wealth, the state must have authority over land and industrial resources. Despite being socialist, liberalization in the 1990s focused more on India's economy, which frequently made socioeconomic inequality worse. One aspect of Ambedkar's economic theory was land reform. He supported legislation that would provide access to agricultural land for landless laborers, particularly Dalits who were barred from owning land. After gaining independence, India passed land reform laws, but these had a troubled past, and many Dalits were still without land. Governments have initiatives like SC/ST land development plans to address the existence of caste-based landholding disparities. As a means of achieving economic emancipation, Ambedkar promoted reservation policies in the workplace and educational institutions. He supported affirmative action/laws that would enable Dalits to fill positions in higher education and government employment, as the majority of them had limited access to government employment during the apartheid era. Although caste-based discrimination is prevalent in the private sector, opinions on these programs' efficacy are still divided. These programs have been the foundation of India's welfare coverage.

Relevance in Contemporary Economy

Through a variety of monetary policy tools, including the repo rate, reverse repo rate, Cash Reserve Ratio (CRR), and Open Market Operations, the Reserve Bank of India (RBI) continues to be crucial in guiding macroeconomic stability in contemporary India. Ambedkar's theories are still very applicable in modern India, providing a crucial framework for equality, social justice, and constitutional morality. His vision addresses gender inequality, economic inequality, and ongoing caste-based oppression, highlighting the necessity of social and economic equality for political democracy. His emphasis on constitutional methods over "grammar of anarchy" is crucial for upholding democratic values, secularism, and institutional integrity. Ambedkar's advocacy for the marginalized, through affirmative action (reservations) and anti-discrimination laws, is essential in fighting ongoing caste disparities. His focus on education, legal reforms, and property rights for women remains vital for achieving gender justice. His contributions to the RBI, Finance Commission, and worker welfare (8-hour workdays, labor welfare funds) are foundational to modern economic policy and labor rights. His vision was not merely about economic growth but "economic democracy." He argued that political freedom is meaningless without economic equality for marginalized communities. His, foundational contributions to the formation of the Reserve Bank of India and his focus on fiscal discipline (public expenditure management) are crucial for addressing current monetary inequalities and ensuring inclusive growth. In the current era of neoliberal reforms, rising inequality, caste-based violence, farmerdistress, labor precarity, and democratic challenges, Ambedkar's work remains profoundly relevant (Jaffrelot, 2005).

Conclusion

Dr. B.R. Ambedkar's views on the economy centered on achieving social justice through state-led industrialization, nationalization of key industries, and state-managed agriculture. He believed economic progress was impossible without abolishing the caste system, which restricted labour mobility and advocated for state socialism to redistribute wealth and protect marginalized groups, bridging the gap between economic growth and social equity. He viewed rapid industrialization as crucial for reducing dependence on land, generating employment, and improving productivity. As a minister, he promoted labor welfare, fair wages, and worker safety. He diagnosed small, fragmented landholdings as a primary cause of Indian poverty and proposed nationalizing land, converting agriculture into a state-managed industry to achieve economies of scale. Ambedkar made profound contributions to public finance, notably proposing a gold exchange standard to stabilize the rupee, and influenced the creation of the Reserve Bank of India (RBI) through his work The Problem of the Rupee: Its Origin and Its Solution. He saw the liberation of women, including equality in property and inheritance rights (via the Hindu Code Bill), as an essential component of social justice. Ambedkar concluded that India needed a managed gold standard currency system with a stable internal price level, rather than a system prioritizing external exchange stability. He argued that the British-imposed gold-exchange standard caused artificial overvaluation, hurting exports and harming the poor through inflation.

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