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## **Economic Framework of Dr B R Ambedkar: Its Relevance**

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### **Abstract**

*This paper examines the economic ideas of Dr B.R. Ambedkar, one of the most influential Indian social reformers and politicians of the 20th century, in various domains such as land reform and agriculture development, the problem of the Indian rupee, public finance, women's upliftment, depressed classes development, and the economic development of India. Ambedkar's economic vision was deeply rooted in his commitment to social justice, equality, and the democratic ideals of India. This paper analyses his views on land reform and agriculture development, where he advocated for land redistribution and agricultural productivity enhancement. The paper also delves into his thoughts on the problem of the Indian rupee, where he recommended establishing a stable and independent currency system. Ambedkar's perspectives on public finance emphasised the importance of transparency and accountability in government spending, while his ideas on women's upliftment stressed the significance of education and economic empowerment. Furthermore, the paper investigates his views on the development of depressed classes, where he proposed policies to provide opportunities and support to historically marginalised communities. Finally, the paper explores his vision for the economic development of India, where he envisaged a modern, industrialised, and prosperous nation that prioritised social welfare and equality. Overall, this paper highlights the enduring relevance of Ambedkar's economic thoughts in contemporary India, where his ideas on social justice and inclusive development remain inspiring for policymakers and scholars.*

**Keywords:** Indian economy, Agricultural, canon, public fund, tax, upliftment, industrialisation

### **Small Holdings and Land Reform**

Ambedkar's research on small holdings in India, published in September 1918 in the Journal of the Indian Economic Society, is robust even in the contemporary era. He observed that the average size of holdings varies significantly, from 25.9 acres in the Bombay Presidency to just one or two acres in Pimple Saudagar near Pune. Ambedkar provided sufficient evidence to demonstrate that Indian agriculture suffers from highly fragmented small holdings, a primary factor contributing to low agricultural productivity. The fragmentation of land holdings makes farming considerably inefficient. Ambedkar proposed that consolidating holdings is essential to increase agricultural productivity by curbing excessive subdivisions and fragmentation.

Ambedkar believed that the consolidation of holdings should be based on economic units and original ownership principles. While he acknowledged that small farms are not necessarily uneconomic, he linked consolidation of land holdings with agriculture productivity and the well-being of farmers. He argued that increasing capital and capital goods is critical to improving the agriculture sector, not just enlarging holdings. Ambedkar also disputed the widely accepted concept of economic holding, which suggests that a holding is only economic when it generates sufficient production to maintain a reasonable standard of living. He believed that the concept of an economic holding should be viewed not just from a consumption



perspective but also from a production perspective.

Ambedkar's view is that the size of holdings is neutral in an economic sense and that the right combination of other factors of production determines whether a holding is economic or uneconomic which is relevant even in the current scenario. He emphasised that if agriculture is treated as an economic enterprise, the size of holdings is less critical than the availability and use of other production factors. Ambedkar also recognised that while it is essential to consolidate scattered parcels of land, the landless also need access to land to support their livelihoods.

Ambedkar was deeply concerned about the struggles faced by farmers in India, particularly those with small holdings. He conducted a comprehensive survey to investigate the challenges faced by farmers. He was critical of the colonial government's land reforms, which he believed were heavily influenced by European land-holding systems. In his ideas on the agro-economy, published under Clause 4 of "State and Minority" (1947), Ambedkar proposed that agriculture should be considered essential and not a key industry hence should be owned and operated by the state. He suggested that the state should own the land and the subsisting rights to insurance, agricultural land, and industries held by private individuals. The agricultural industry should be organised into standard-sized collective farms leased to villagers without discrimination. The state would provide funding and support for cultivation, while tenants would share the product after paying applicable farm charges. The plan proposed by Ambedkar aimed to eliminate landlords, tenants, and landless labourers, and it was to be put into effect within ten years of the Constitution's coming into operation.

Ambedkar proposed the idea of cooperative farming as a solution to the problems caused by small holdings in India. He suggested that owners of small strips of land should be compelled to participate in the cooperative cultivation of standard areas without losing their private ownership. He believed cooperative farming would eliminate the need for separate consolidation and create consolidated holdings. Ambedkar envisioned a society with no landlords, tenants, or landless labourers and saw cooperative farming as the best system to achieve the same. In terms of land ownership, Ambedkar argued that the state should own the land rather than individuals. He believed that nationalising land would help solve the issues caused by small holdings and landless labour. Furthermore, he believed that the industrialisation of the agricultural sector through the nationalisation of land could lead to impressive growth in India's agriculture sector. Ambedkar admired the land system in the Soviet Union when referring to the nationalisation of the land system.

### **Khoti System & Zamindar System**

Ambedkar played a significant role in abolishing India's Khoti and Zamindar systems. These systems were forms of land tenure prevalent in different parts of India. They involved the concentration of land ownership and power in the hands of a few wealthy landowners or intermediaries. The exploitation of farmers and labourers was a common feature of these systems.

Ambedkar's efforts to abolish these systems began in the late 1940s when he was serving as India's first Law Minister in the government of Jawaharlal Nehru. He introduced several bills in the Indian parliament aimed at abolishing these systems, and after a series of discussions and debates, these bills were eventually passed.

The abolition of the Khoti system in the Bombay Presidency (present-day Maharashtra) was enacted through the Khoti Abolition Act 1950, which came into effect on April 1, 1951. The Act abolished the position of Khot, an intermediary between the landowners and the farmers, and transferred ownership of the land to the tillers or cultivators. This led to land redistribution and greater empowerment of farmers, particularly those belonging to marginalised communities.



The Indian parliament passed the Zamindari Abolition and Land Reforms Act 1950 on May 31, 1950. The Act abolished the Zamindari system, prevalent in various parts of India, particularly in the northern and eastern states, and transferred land ownership to the farmers. This Act also introduced various measures to promote land reforms, such as tenancy rights for sharecroppers and the ceiling on landholding.

Ambedkar's efforts to abolish the Khoti and Zamindar systems aimed to promote more significant social and economic justice and empower marginalised communities. These efforts significantly impacted the lives of millions of people in India, particularly those from lower castes and other marginalised groups.

### **Administration and Finance of the East India Company**

"Administration and Finance of the East India Company" is an academic work by Ambedkar, published by Columbia University in 1915. The book provides a detailed account of the history, structure, and finances of the East India Company, which was the British trading and colonial empire in India from the early 17th century to the mid-19th century.

Ambedkar's research shows that the East India Company was primarily concerned with its commercial interests rather than the welfare of the Indian people or the British government. The Company exploited India's resources and labour to generate immense wealth for its shareholders while often neglecting the basic needs of the Indian population.

The book also examines the Company's complex administrative and financial systems, including its corporate governance, revenue collection, and trade practices. Ambedkar argues that the Company's hierarchical and centralised structure made it prone to corruption and inefficiency, ultimately contributing to its decline and dissolution in 1858.

Overall, "Administration and Finance of the East India Company" is a seminal work on the history and economics of colonialism in India and remains a valuable resource for scholars of British imperialism and South Asian studies.

### **The Problem of the Rupee**

Ambedkar's "The Problem of the Rupee: Its Origin and Its Solution" is a scholarly work that delves into the complexities of India's currency system during the British colonial era. Published in 1923, the book criticised the policies of the colonial government, which not only hindered India's economic progress but also threatened its political independence.

Ambedkar begins by tracing the historical evolution of India's currency system, analysing its development through the Mughal and British colonial periods. He argues that British policies had disrupted the traditional Indian currency system, leading to inflation and instability.

The book then examines the British government's efforts to stabilise the Indian currency by linking it to the British pound. Ambedkar argues that this policy failed to benefit India and only perpetuated colonial control over the Indian economy.

The book's final section proposes solutions to the currency problem. Ambedkar advocated establishing an independent central bank, introducing a bimetallic currency system, and creating a gold standard for the Indian currency. He believes that these measures would not only stabilise the Indian currency but also promote India's economic growth and political autonomy.

"The Problem of the Rupee: Its Origin and Its Solution" is essential to economic history and policy analysis. The book provides valuable insights into the challenges faced by India during the colonial period and is still relevant to discussions about India's economic development and political autonomy. The work is widely



regarded as a seminal text on the Indian currency system and a must-read for anyone interested in the history of India's modern economy.

### **Evolution of Provincial Finance in British India**

The Evolution of Provincial Finance in British India is an academic work by B.R. Ambedkar, published in 1925. The book provides an in-depth analysis of the financial system of colonial India, with a focus on the evolution of provincial finance and the decentralisation of imperial finance.

Ambedkar traced the historical development of the financial system in India, from the early days of British colonial rule to the establishment of provincial governments in the late 19th and early 20th centuries. He showed that the British government initially maintained a centralised financial system, with revenue collection and expenditure managed by a central authority in London.

However, over time, the British government began to decentralise its financial system, transferring more authority and responsibility to provincial governments in India. Ambedkar argued that this decentralisation was driven by political and economic factors, including the increasing demand for local representation and greater efficiency in managing public finances.

The book also examined the impact of provincial finance on the Indian economy and society. Ambedkar showed that the decentralisation of finance allowed for more significant investment in local infrastructure and public services, such as education and healthcare, contributing to overall economic growth and social development.

The Evolution of Provincial Finance in British India is a significant contribution to the study of colonial economic history and a valuable resource for scholars of South Asian studies. Ambedkar's analysis shed light on the complex interplay between politics, economics, and public finance in the colonial period and provides insights into the long-term legacies of colonialism in India.

### **India's Taxation Policy and Practices**

Ambedkar played a crucial role in developing India's taxation policy and practices, both during British Rule and after independence. His writings and speeches emphasised the need for a fair and efficient taxation system to promote economic growth and reduce social and economic inequality.

During the British Rule, Ambedkar was a vocal critic of the colonial administration's taxation policies in India. He argued that these policies were designed to benefit the British Empire at the expense of the Indian people and that they had contributed to widespread poverty and underdevelopment.

After independence, Ambedkar served as the first Finance Minister of India and played a crucial role in shaping the country's taxation policy. Under his leadership, the government introduced several reforms to promote economic growth, increase revenue collection, and reduce social and economic inequality.

One of the crucial initiatives Ambedkar introduced was introducing a progressive income tax system. This meant that people with higher incomes would pay a higher tax rate than those with lower incomes. Ambedkar believed this was a fairer and more equitable way of collecting taxes, as it ensured that those who could afford to pay more would contribute a more significant share of the tax burden.

Ambedkar also introduced several measures to improve tax administration and enforcement. He recognised that tax evasion and avoidance were significant problems in India, and he sought to address these issues by improving the efficiency of tax collection and introducing harsher penalties for those who broke the law.

Ambedkar's contributions to India's taxation policy and practices were significant. He played a crucial role in shaping the country's economic policies during a critical period of its history, and his ideas continue to influence economic debates in India today.



## **Canon of Public Expenditure**

Ambedkar was a prominent advocate for responsible public expenditure and played a crucial role in shaping India's approach to government spending. In his writings and speeches, he emphasised the need for rational and efficient use of public funds and criticised government waste and corruption.

Ambedkar believed that public expenditure should be guided by a clear set of principles, including prioritising public goods and services that benefit the ordinary people. He argued that the government was responsible for using public funds to promote social and economic welfare and reduce inequality.

One of the important themes of Ambedkar's approach to public expenditure was the importance of transparency and accountability. He believed the government should be open and honest about using public funds and subject to public scrutiny and oversight. He also argued that corrupt practices and wasteful spending should be vigorously investigated and punished.

Another fundamental principle of Ambedkar's approach to public expenditure was the importance of long-term planning and investment. He recognised that government spending could promote economic growth and development. Still, he emphasised the need for a strategic approach focused on sustainable and equitable outcomes.

Ambedkar also recognised the importance of fiscal responsibility and argued that public expenditure should be guided by a clear understanding of the government's revenue base and borrowing capacity. He advocated for a balanced approach to government spending that balanced the need for investment in public goods and services with the need to maintain fiscal stability.

Ambedkar's approach to public expenditure was characterized by a commitment to transparency, accountability, and responsible use of public funds. His ideas continue to influence public policy in India even today, and his emphasis on the importance of social and economic welfare remains a guiding principle for many policymakers.

## **Water Policy and Power Project**

Ambedkar, the Indian jurist, economist, and social reformer, had several ideas on water economic development, water policy, and power projects. He believed that water resources were crucial for economic development and that their development and management must be undertaken to benefit the people.

In his essay "The Problem of Unemployment in India," Ambedkar highlighted the importance of irrigation and dam construction in increasing agricultural productivity and creating employment opportunities. He argued that constructing large dams and canals was necessary to provide water to drought-prone areas and promote agricultural growth.

Ambedkar also advocated for a comprehensive water policy to ensure the equitable distribution of water resources and protect the interests of all stakeholders, including farmers, industrialists, and urban residents. He stressed the need for government intervention to regulate water use and prevent wastage and pollution.

Regarding power projects, Ambedkar believed hydroelectric power was critical to India's energy strategy. He supported the construction of large hydroelectric dams and power plants, such as the Hirakud Dam, the Bhakra-Nangal Dam, and the Sardar Sarovar Dam, which could generate electricity and provide irrigation water to millions of people.

However, Ambedkar also recognised the potential environmental and social costs of large-scale water and power projects, such as displacement of communities, loss of biodiversity, and ecological degradation. He argued that these costs must be carefully evaluated and mitigated through compensation, rehabilitation, and environmental protection measures.





Overall, Ambedkar's ideas on water economic development, water policy, and power projects emphasise balancing economic development with social and environmental considerations. His ideas remain relevant today for policymakers and scholars concerned with sustainable development, water resource management, and energy policy issues.

B.R. Ambedkar had a multifaceted approach to water, encompassing economic, social, and cultural aspects. As a Cabinet minister in charge of the labour, irrigation, and power portfolio during 1942-46, he was instrumental in developing a national policy for water and electricity in India. Ambedkar's vision included the formation of a River Valley Authority to oversee irrigation and hydropower issues, the establishment of administrative infrastructure and technical know-how, the concept of regional and multipurpose development of river valley basins, and the initiation of river valley projects on the Damodar, Mahanadi, and Sone rivers. These initiatives were bold and innovative in their context and have had a lasting impact on water and power development in India.

However, Ambedkar's views on water also included understanding its social and cultural dimensions. He recognised the deep-rooted casteism inherent in water-related issues and how water has been used to exclude Dalits from access to it. Ambedkar understood the importance of liberating Dalits from the caste of water and how their exclusion from it has perpetuated complex cultural meanings and social hierarchies. He acknowledged the denial of the right to water and access to it to Dalits, the monopoly of upper castes over water bodies, the construction of casteist water texts, and the marginalization of Dalit narratives and knowledge of water.

Ambedkar's water views were far-sighted, innovative, and socially conscious. His contributions to developing water and power policies in India were significant, and his insights on water's social and cultural dimensions remain relevant today. Ambedkar's ideas and initiatives provide a framework for policymakers and scholars to address India's complex and intersecting water, caste, and social justice issues.

### **Woman's Upliftment and Constitutional Provisions**

Ambedkar worked tirelessly for the upliftment of women in India. He believed women's education and empowerment were crucial for the country's development. He actively fought against various discrimination and oppression faced by Women in Indian society.

Ambedkar was instrumental in including several provisions related to women's rights in the Indian Constitution, which he helped draft as the Chairman of the Drafting Committee. Some of these provisions include:

Right to equality: Article 14 of the Constitution guarantees that the state shall not discriminate against any citizen on grounds of sex.

Right to freedom: Article 15 prohibits discrimination based on sex, among other things, in matters of access to public places and services.

Right against exploitation: Article 23 prohibits trafficking in human beings, including women and children.

Right to education: Article 21A provides free and compulsory education to all children between the ages of 6 and 14, including girls.

Political representation: Article 243D provides for reserving seats for women in local bodies.

Apart from these constitutional provisions, Ambedkar also advocated for various social reforms that would benefit women, such as widow remarriage, abolition of child marriage, and the right to divorce. He believed these reforms were necessary to ensure that women were treated as equal citizens and had the same opportunities as men.

### **Depressed Classes Development and Constitutional Provisions**



Ambedkar was crucial in advocating for the rights and upliftment of the Dalits, or Depressed Classes, in British India. He was born into a Dalit family and experienced discrimination and social exclusion from a young age. He was determined to challenge the caste system and fight for the rights of his community. In the early 20th century, Ambedkar became actively involved in social and political movements aimed at improving the status of Dalits.

In 1920, Ambedkar founded the Bahishkrit Hitakarini Sabha, which promotes education and social reform for the Dalit community. He also established the Independent Labour Party in 1936, which aimed to represent the interests of the working-class people, including Dalits.

Ambedkar also campaigned to abolish the practice of untouchability, a significant aspect of the caste system. He led various movements and protests, including the Mahad Satyagraha in 1927, which aimed to assert the rights of Dalits to access public water sources. In 1932, he was instrumental in securing the Communal Award, which provided separate electorates for Dalits and other minorities in British India.

After India gained independence in 1947, B.R. Ambedkar played a crucial role in uplifting the Depressed Classes. Ambedkar renamed Depressed Classes as the Scheduled Castes. He was appointed as the country's first Law Minister and played a pivotal role in drafting the Indian Constitution, which enshrined the rights of all citizens regardless of their caste or religion.

One of the significant contributions of Ambedkar towards the upliftment of the Scheduled Castes was the formation of the Scheduled Castes Federation in 1942, which later became the Republican Party of India in 1957. The party aimed to secure political rights and representation for the Scheduled Castes in the Indian Parliament and state assemblies.

Ambedkar also advocated for reservations or affirmative action in education and employment for the Scheduled Castes to address the historical discrimination and social exclusion they had faced. This resulted in the inclusion of Articles 15 and 16 in the Indian Constitution, which prohibits discrimination based on caste, religion, race, sex, or place of birth in educational institutions and public employment. Ambedkar was also instrumental in creating Article 17, which abolished untouchability. This provision criminalises the practice of untouchability and provides for the punishment of those who engage in it. It is a significant step towards eradicating the caste system, a source of discrimination and social inequality in India for centuries.

Another necessary provision introduced by Ambedkar is Article 46, which directs the State to promote the educational and economic interests of the weaker sections of society. This provision recognises that education and economic development are essential for the upliftment of the marginalised sections, and it places a responsibility on the State to ensure their progress.

Ambedkar also emphasised the importance of economic empowerment for the Scheduled Castes. He advocated for land reforms, cooperatives, and government schemes to provide the Scheduled Castes with financial assistance and employment opportunities. He also established the Finance Commission for Scheduled Castes and Scheduled Tribes in 1951, which aimed to address the economic disparities between different communities and promote the socio-economic development of the Scheduled Castes.

Ambedkar's contributions towards uplifting the Scheduled Castes in independent India were significant and far-reaching. He played a crucial role in drafting the Indian Constitution and securing the rights of all citizens, regardless of their caste or religion. He advocated for reservations, eradication of untouchability, and economic empowerment for the Scheduled Castes, which continue to be crucial issues in contemporary India. Ambedkar's legacy as a social reformer, thinker, and leader remains relevant and inspiring today.

## **Conclusion**

Dr B R Ambedkar's economic framework was based on social justice and equality principles. He believed



that economic development could only be achieved by promoting social equality and ensuring that every member of society had access to education, employment, and equal opportunities. Ambedkar's emphasis on agrarian reform, industrialisation, and human capital development was critical to his economic vision for India. He recognised that economic growth alone was not enough to achieve social justice and advocated for policies empowering the marginalised sections of society. His ideas remain relevant today, and his economic framework serves as a reminder that economic development and social justice are inseparable. Ambedkar's legacy as a visionary economist and social reformer inspired generations of Indians to strive for a more just and equitable society.

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