



Selective economic thoughts of Dr. B. R. Ambedkar and its relevance today

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Abstract

In the present paper, we focus on the two main economic thought of Dr. B. R. Ambedkar i.e. monetary economics and agricultural development. We found that, his thoughts about exchange rate system and its implications on inflation rate along with internal currency value stability is novel contribution in monetary economics and it is relevant even today to India and many developing countries. In the area of agricultural economics, his contribution in transforming rural economy into self sustaining is vital. He suggested for capital and infrastructure investment by state is an appropriate policy for stepping-up productivity and wiping out poverty in the rural areas. The logic of shifting of excessive labour force from agriculture to industry is pioneering idea of Ambedkar before the formal model introduced by Arthur Lewis in 1954. Secondary data is used to explain the economic thinking of Dr B. R. Ambedkar. Percentage, growth rate, coefficient of variation and graph is used to denote the significance of the Amedkarian economics.

Keywords: Ambedkarian economics, economic-thoughts, monetary economics, agriculture

Introduction

As we aware and acknowledge that Dr B. R. Ambedkar is known as great thinker, philosopher, sociologist, economist, reformer, and authority on constitution. His contribution in the various disciplines is vital and based on strong logic. In his last address to the constituent assembly, he said, political democracy can't last unless there lies at the base of it social democracy. Here, he stressed upon the requisite factors that are required for establishing social democracy. According to him, these are: liberty, equality and fraternity. These principles are interconnected and gives guarantee to live each person with dignity and self-respect.

Despite the provisions of livelihood and protection and preservation of rights of privileged classes in the Indian constitution, the ailment of society such as disparity, inequality, oppression and suppression of Dalit and backward communities have not been reduced. On the contrary, it has been increased the last three to four years. Social harmony of Indian society is under the threats in the recent years. Now doubt, Dr B. R. Ambedkar was great economist and he is the first person in India who was formally trained as economist. His scholarly work in the field of the economics is the Problem of Rupees: Its Origin and Solution, Provincial Finance in British India: A Study in the Provincial Decentralizations of Imperial Finance, Problems of Small Holding in India and Their Remedies. On eve of centenary year celebration of Dr B. R. Ambedkar, it is legitimate and rational to remind his contribution in the several fields of human being.

Objectives and Methodology

This paper tries to explore the contribution of Dr B. R. Ambedkar in economic theory and its relevance to Indian economy even today. To complete this task, we follow the review method and along with this, some secondary data is used to explain the economic thinking of Dr B. R.

Ambedkar. Percentage, growth rate, coefficient of variation and graph is used to denote the significance of the Amedkarian economics.

Literature Review

Several researchers and thinkers reviewed the ideology of Dr B. R. Ambedkar. Some of the prominent names are: Danjay Kir, Dr, Raosaheb Kasabe, Dr. Sukadeo Thorat, Vasant Moon, Ome Gevlet, Dr. Mungekar, Dr. Bhole etc. Besides above scholarly work, some researchers have also focused on the economic thoughts of Dr. Babasaheb Ambedkar. All these researchers want to highlight the prominent features of the Amedkarian economics. Sarkar (2013) ^[1] found that Dr. B.R. Ambedkar stresses upon state socialism for giving justice to society and establishing the equality among the people. Further, he found that Ambedkar suggested for running key industries by state. Insurance shall be owned by state and agriculture shall be an industry of the state.

Bagga (2014) ^[2] observed that Ambedkar's entire thinking is revolving around the principle of *Bahunjan Hitay Bahunjan Sukhay* means the state policy should be directed towards the welfare of all the communities' irrespective caste and religion. State and its enterprise should have the human face. He also reviewed economic thoughts of Ambedkar from the various economic perspectives. Arya and Chaure (2014) ^[3] reviewed the Ambedkar's thought on role of agriculture and its relevance to India today. As they concluded that Dr. Ambedkar is in opinioned that small holdings is not the root cause of low productivity in agriculture but the main reasons being are lack inputs and technology. Hence, he advocated for state intervention in agricultural development as facilitators.

Jagadeeshvari (2016) ^[4] took review of socio-economic thoughts and broad philosophy of Dr. Ambedkar along with various rights given to people of India in the constitution.

He also found that a provision of directive principles in the constitution gives flavor of welfare state. Ambedkar was in favour of state socialism and inclusive practices to be followed by state in day to day working. Central Water Commission (1993, 2016) ^[5] brought out book in two editions, which acknowledges the contribution of Dr. B.R. Ambedkar in water resources and electric power development in India as a member of central cabinet and in charge of department of irrigation and electric power during 1942-46. His work as a member is reflected into the strong foundation of today's Central Water Commission of India, irrigation policy, electric power development policy and *Hirakud Multipurpose Project*, inter-state and international water sharing and disputes settling mechanism. This book projected him as visionary of water and power resources management in India.

Laxmi (2014), conducted empirical study based on primary and secondary data. Primary data is collected by interviewing the 25 Dalit leaders and 100 respondents in Kathihar district, Bihar. He observed that even today Dalits were not given equal treatment. Further, he found that separate glasses at tea stalls, discriminatory seating arrangement, separate utensils in public restaurant, segregation in food arrangement in village functions and festivals, prohibited from entering into temple, No access to public path and public building, properties and resources. Separate burial grounds. Voice of Dalit is suppressed by upper case people.

Hegade (2013) ^[7] took review of Ambedkar's contribution in giving dignity and rights to downtrodden communities in India specially Dalits. He gave right to live with dignity to all Indians by incorporating fundamental rights, directive principles and unification Hindu Civil Code Bills, and many more provisions in Indian constitution. All these provisions have economic and social bearing on life of all Indians. Akhter (2016) ^[8] reviewed the contribution of Ambedkar in the discipline of Economics by citing the role of Finance Commission in sharing resources, state socialism, directive principles, recognition of workers organization, minimum wages act, safeguarding social security measures of workers, multipurpose projects are the vital contributions of him.

Ingle (2006) ^[9] brought to notice the implications of New Economic Policy of 1991 on backward and minorities class and further said that disinvestment of key industries may create unemployment among the youth of backward classes and minorities. Singariya, M. R (2013) ^[10], concluded the economic contributions of Dr. B. R. Ambedkar by stressing upon need of state's role in overall development of the nation. State should invest in agriculture and industrial sector for fast economic development of the India. Further, he observed that Ambedkar advocated for two sector model and surplus labour found in agriculture can be transferred to industrial sector.

Economic Thought of Dr. B. R. Ambedkar and its Relevance Today

Among the several world renowned economists, Dr. B. R. Ambedkar is one of the prominent economists who made contribution in the various branches of economics such as monetary economics, public finance, agricultural economic and lastly the welfare economics. His contribution in the upliftment of the depressed class in India is a vital contribution in the world economic literature. He gave right

to live everybody with respect and dignity by incorporating several economic, political and social rights in the constitution. In the present paper we focused on his contribution two branches of economics due to word constraint of the research paper. Relevance and importance of his thoughts are examined in the light changing dimensions of the Indian economy.

Monetary Economics

Dr. B. R. Ambedkar is known as professionally trained monetary economist in western country because his third book entitled as "The Problem of Rupees: Origin and its Solution" is masterpiece of monetary economics that deals with several modern content of it. His main contention about gold exchange standard was that, if government removes an automatic link between money supply and gold reserve then that gives enormous power to government for expanding money supply without similar expansion in production of goods and services, leading to unstable currency value. Further, he observed that the undue importance given by British rule for maintaining external stability of exchange value than internal stability of currency was not good policy for India. Ambedkar asserted that unstable currency value leads to uncontrolled inflation in the country. This proposition is found true in Indian economy since the independence because we had managed gold currency standard before minimum reserve system. Since March 1993, rupee being pegged to a market related system. The exchange rate presently is determined by the market force that is demand for and supply of foreign currency. The objective of this exchange rate system is to ensure the external value of rupee is realistic and creditable as evidenced by a sustainable current account deficit and manageable foreign exchange stock. This kind of exchange rate determination system of expected to Dr. Dr. B. R. Ambedkar, however, India took 46 years to practice it.

Agricultural Development

In order to develop the agriculture in the state, as he advocated in clause 4, article II of his memorandum entitled on state and minorities submitted to state Assembly recommended that, agriculture shall be a state industry. State shall acquire the agriculture land held by individuals. Further, he suggested for dividing the acquired land into standard size. Farming should be done by the farmers in collective or in cooperative manners and according to the rules and directions issued by the state. Tenants shall share among themselves in the manner prescribed the produce of the farm left after the payment of charges. That means after meeting necessary charges of agri-inputs and taxes of state, remaining share can be appropriated by tenants. The land shall be let out to the villagers without making distinction on the ground of caste or creed. There will be no landlord, no tenant, and no landless labour. It means Dr. B. R. Ambedkar was expecting the class less society. The collective farm organization shall distribute the water, draft animals, seeds, implements and manures among the members of collective farming. State shall collect the taxes as revenue from the farmers, and charge of capital good supplied such as water and other kind of infrastructure. The views of Dr. B. R. Ambedkar on agriculture development recognize the right to property. However, he was in opinion of collective farming that extends the size of field. Indian farms size is too small and it is not economical

for cultivation of a land. The small size of farms increases overhead charges and promotes underutilization of capital goods. Considering the evils of small holdings, size of land can be enlarged by consolidation. In this regard, he said that, "it is right or wrong proportion of other factors of production to a unit of land that renders the later economic and uneconomic". He stressed upon the factors such as size is important along with capital and capital goods and requisite labour. The excessive labour force in the Indian agriculture can be transferred to industrial sector so that land and labour productivity may be increased.

In was not sure about consolidation process of farming and its success, hence he stressed upon the use of agri-inputs along with capital goods, capital and small size of holdings. Further he explained the process of generating the surplus or saving in the cultivation of agriculture. For that he suggested to transfer excessive labour force from agriculture to industrial sector that will allow for increasing the marginal productivity of land and labour. The end result will be that saving for investing in agriculture will generate which will be used for further improvement in land and for the next season. He is pioneered of the two sector model of economic development. After Dr. B. R. Ambedkar' model, Lewis (1954) [11] gave dual sector model, which explained same as what had been said by Ambedkar. Lewis (1954) [11] article entitled "Economic Development with Unlimited Supply of Labour" concludes the presence of disguised unemployment in the agriculture sector of the developing economy. By shifting excess labour from agriculture to industry, that promotes industrial development and sustained development in the economy.

Table 1: Trend in Size of Holdings in India

Year	Size of Holding in Hectare
1970-71	2.30
1980-81	1.84
1990-91	1.57
2000-01	1.32
2010-11	1.16
2015-16*	1.00

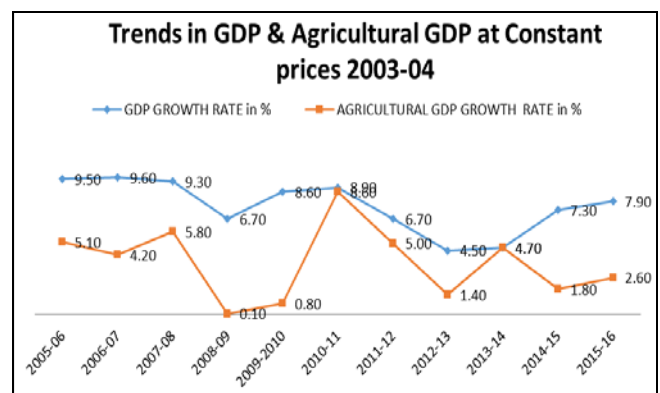
Source: Agriculture Census in India 2010-11. * (Projected) Final report is awaited and census of size of holding is on since February 2016.

As it can be seen in the table 1 that, the average size of holding has been declining since the 1970-71 onwards. The speed on declining was fast for the first two decades 1970-71 and 1980-81. The ever increasing pressure of population on the existing land and faculty laws of inheritance are responsible for fragmentation and subdivision of land into small pieces. Small holding becomes uneconomical holdings. It is therefore the productivity of various crops per hectare and labour engaged in agriculture is serious concern for India even today.

The same thing was visualized by Dr. B. R. Ambedkar in (1918). Maximum number of operational land holdings is marginal holdings in India. According to Census 2011, 67 per cent of holdings were classified as marginal (less than one hectare) and 18 per cent were classified as small (one-two hectare). Large holdings (more than 10 hectare and above) were estimated to be only 0.7%. Indian agriculture policy has failed to make heavy investment in the supporting infrastructure that required to step-up the production such as irrigation facility. Presently 47 percent

land is under the irrigation out of total cultivable land and remaining land is still depending upon the monsoon. Total irrigation potential is of 147 million hectares, out of that as of now 91 million hectare area is under irrigation facility. The speed of irrigation is halted after 1991 due to limited public investment in the irrigation work.

The performance of agriculture can be seen in the Figure 1 which accounts for the GDP growth rate and agricultural GDP growth rate for the period 2005-06 to 2015-16. It can be seen that for the period 2004-05 to 2007-08, the average annual growth rate of agriculture GDP was 5 percent but fell to 3 percent for the period 2008-09 to 2015-16. During the same period, economy grew at average annual growth rate 9 percent and 7 percent respectively. Volatility in the agricultural and allied sector was very high. Hence the coefficient of variation for overall GDP and agricultural GDP for the period 2004-05 to 2015-16 was recorded as 0.27 percent and 0.92 percent respectively (State of Indian agriculture, 2015-16).



Source: Data compiled from the *State of Indian Agriculture, Annual Report*, Ministry of Agriculture, New Delhi.

Fig 1

The high volatility in agricultural GDP is attributed to main reasons of vagaries of monsoon and limited facility of irrigation. The limited public investment in agriculture and allied sector has arrested the growth agriculture sector in India. However, Dr. B. R. Ambedkar had always supported the view of more capital investment shall be done by state in agriculture sector, then and then only Indian agriculture sector may be prosperous and competitive. The share of public sector (State) into total gross capital formation in agriculture was 23.02 percent in 2005-06, which was declined to 15.09 percent in 2015-16. This shows that government is no more interested in making capital investment in agriculture sector; hence the future of the farm sector would be worse in near future.

Conclusion

The aforesaid detailed literature review and review of economic thinking of Dr. B. R. Ambedkar shows that he was truly visionary having sense of historical facts and social dimensions of society. His observation about economic freedom of profession to a person by ability instead of based on caste or creed limits down the progress of a nation is aptly correct even today. In the present paper we focus on the two main economic thought of Dr. B. R. Ambedkar i.e. monetary economics and agricultural development. We found that his thoughts about exchange rate system and its implications on inflation rate along with

internal currency value stability is novel contribution in monetary economics and it is relevant even today to India and many developing countries. In the area of agricultural economics, his contribution in transforming rural economy into self-sustaining is vital. He suggested for capital and infrastructure investment by state is appropriate for stepping-up productivity and wiping out poverty in the rural areas. The logic of shifting of excessive labour force from agriculture to industry is pioneering idea of Ambedkar before the formal model introduced by Arthur Lewis in 1954^[11].

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