



# Role of Dr. Babasaheb Ambedkar in Economic Development of India

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**Abstract:** Dr. B. R. Ambedkar, known as Babasaheb, was an economist and the first Indian to be awarded a Ph.D. in economics. He earned a master degree and a Ph.D. in economics from the Columbia University, in 1915 and 1917 respectively. In the three years, he spent at the university, he completed 29 courses in economics. He pursued a doctorate in science from the London School of Economics (LSE), which was awarded to him in 1923. This article discusses Dr. Babasaheb Ambedkar's contribution to India's economic development.

**KEYWORDS:** Indian Economy, Dr. B. R. Ambedkar, Economic Thought, Indian Rupee, Economic Policy.

**OBJECT OF THE STUDY:** 1) To understand of Economic thoughts of Dr. B.R. Ambedkar.

2) To study of Dr. B. R. Ambedkar as an Economist.

**METHODOLOGY:** This study has been carried out with the help of secondary data such as online research papers, books, websites, etc.

**INTRODUCTION:** Dr. Babasaheb Ambedkar largely Known as the father of the Indian Constitution and a leader of Dalits was born on 14 April 1891 in the town and military cantonment of Mahow in the Central Provinces (now in Madhya Pradesh) of India. Dr. Ambedkar is the first Ph.D. holder in the Economics subject and first person to earn a twofold doctorate qualification in South Asia in a similar field. He was an expert economist intending to the monetary issues of the Indian Economy and overseeing financial issues of the nation during the time of 1923 – 1956. He was one of the best-educated economists of his generation in India, earning a doctorate in economics from Columbia University in the United States and the London School of Economics. Before Dr. Ambedkar became a political leader, he was trained as an economist until 1921 and was a professional economist. He has written three books on economics, namely 'Administration and Finance of the East India Company', 'Evolution of Provincial Finance in British India' and 'The Problem of the Rupee: Its Origin and Solution'. After the end of the Second World War, India faced many difficulties related to business, agriculture, needs, etc. Dr. Ambedkar's strategy helped to recover from that unfortunate and his strategy was instrumental in creating enterprises, improving agriculture, and building the economy of India.

**MANAGEMENT OF THE RUPEE:** Dr. B. R. Ambedkar's London doctoral thesis, later published as a book, was on the management of the rupee. At that time, there was a great deal of discussion about the relative quality of gold as well as the exchange rate of gold. The gold standard refers to a convertible currency in which gold coins are issued and can be supplemented with paper money, which promises to be completely disposable in gold. In contrast, under the gold exchange standard, only paper money is issued, which is kept exchangeable at fixed rates with gold and authorities back it up with foreign currency reserves of such countries as are on the gold standard. Dr. B. R. Ambedkar argued in favors of a gold standard as opposed to the suggestion by John Maynard Keynes that India should embrace a gold exchange standard. Dr. Ambedkar argued that gold exchange standards give the issuer more freedom to deal efficiently in the money supply and threaten the stability of the financial unit. Dr. Ambedkar argued that the amount of Mercantile should be linked with the wheel of Nature and stated that the gold exchange standard does not have the stability, currency which is a major concern for developing countries like India. Instead of implementing the Gold

standard, he drafted the recommendations and had submitted it to The Royal Commission on Currency and Finance (Hilton Young Commission).

**STATE-CENTRE FINANCIAL RELATIONS AND TAX POLICY:** Dr. Ambedkar's submitted dissertation at the Columbia University was on state-center financial relations under the guidance of Edwin Seligman, one of the foremost authorities on public finance in the world. Dr. Ambedkar argued that under a good system of governance, every political unit should be able to build its own resources and meet its own needs without relying too much on others. He has identified that provinces had come to rely on grant-in-aid from the enteral government in British India. He considered it a fiscal imbalance and argued in favor of provincial governments retaining the power of sales tax, since it is an important source of their revenue. Dr. Ambedkar was opposed to the land acquisition system and other taxes because its burden fell mainly on the poorer sections of the society. He confirmed that the principles of tax payment should be based on the ability of the payer and not on the income. He said the tax should be progressive if it is exempted from the tax limit from now on.

**PROBLEM OF SMALL LANDHOLDINGS:** Contemporary economic discourse is of great importance to Dr. Ambedkar's academic publications. Dr. Ambedkar made extensive research on the problem of smallholdings in agriculture. He wrote an essay on farming and farm holding which was published in the Journal of the Indian Economic Association. In that essay, Dr. 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, Dr. Ambedkar came to the conclusion that such proposals were fundamentally flawed. Dr. 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.

**IMPORTANCE OF INDUSTRIALIZATION:** Dr. B. R. Ambedkar argued in favor of industrialization that increasing capital reserves was the real challenge and that it would only be possible if there were more savings in the economy. He said this was not possible as long as a large community of people depended on land for their livelihood. He posited industrialization as the answer to India's agricultural problem. Industrialization of India is the soundest remedy for the agricultural problems of India. The combined effect of industrialization will be to put less pressure on farmland, increasing the number of capital and capital goods will create the economic need of the country. When Dr. Ambedkar spoke in favor of industrialization and urbanization, he hinted at the scope of capitalism and suggested that inherent capitalism could turn into a force of oppression and exploitation.

**WATER MANAGEMENT:** Dr. B. R. Ambedkar suggested the creation of a water hotspot for India's rapid economic development before independence. He underlined that the water the board ought to be an indispensable piece of the nation. He outlined the Damodar Valley Scheme (Kolkata, January 3, 1945), modeled on the Tennessee Valley Authority of America. He had said, 'Damodar waterway project is a major undertaking and will be a multi-purpose venture for economic development. One of the main objectives of his initiative was to save the common man from floods as well as to provide a framework for water supply, roads, power generation, and the much-needed system for the needy people in the country to succeed.

**CONCLUSION:** Not all of Dr. Babasaheb Ambedkar's economic analyzes may be true in the Indian economy today, but some of the principles he has proven, such as price stability and financial responsibility, are still relevant today. Dr. Ambedkar appears to have significantly influenced the decision on the strategy of economic development. He emphasized the need for industrialization for overall economic development. The Reserve Bank of India (RBI) was set up based on the ideas put forward by Ambedkar before the Hilton Young Commission. His economics today has become a battleground between the ruling party and the opposition in India, with both sides claiming he is really on their side.

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