Ambedkar’s View On The Reformation Of Agriculture For Economic Development

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Abstract: Ambedkar has written his thesis on Monetary Economics for his Doctoral thesis at London school of Economics, under the guidance of Professor Edwin Cannan, one of the leading experts in Economics. It was later published into a book, The Problem of the Rupee: It’s Origin and Its Solution, in 1923. In this book, Ambedkar has analyzed the exchange rate, external trade and the evolution of Indian currency. Ambedkar has done a historical analysis from the year 1800 to 1893 and up to 1920s for the analysis of British currency policy. Ambedkar has presented a pertinent explanation of all important developments dating from the bimetallic experiments of the 1840s, the decline in the value of silver currency in the last quarter of the nineteenth century, the abolition of silver standard and the pegging of the rupee.

Key words: Ambedkar, economic ideas, agricultural reforms, Indian currency

Ambedkar has dealt with the problems of agriculture in his research paper, Small Holdings in India and Their Remedies, published in the Journal of the Indian Economic Society, in the year 1918. In this paper, Ambedkar from the point of view of an economist, has tried to look at all the problems that hampered the growth of agriculture in Indian society. His main concerns were the nature of landholding, especially their fragmentation and their division into unproductive and economically unviable structures. According to Ambedkar small holdings was an evil, but the problem of holdings did not depend on the size, but on the production. Indian farmers who do not owned equipment for production, had holdings that were uneconomic because they were too large. According to Ambedkar, the basic problem of Indian agriculture was that it was not capable of generating surplus which ultimately created scarcity of capital. This resulted in the inefficient use of resources, surplus labour and superfluous employment, which by raising the cost of production culminated in low agricultural productivity, which in turn, affected the process of economic growth.
According to Gail Omvedt, “Agricultural production was inefficient, too much land was lying idle and the entire economy was maladjusted. It was the high pressure on the land that was evil, and this in turn was due to the lack of industrialization” (Omvedt.16). Ambedkar focused on need of industrialization for the growth of agriculture which was non-Gandhian in it’s approach.

Abolition of the Khoti system

Ambedkar introduced a bill in the Bombay legislative assembly on 17 September, 1937, for the abolition of Khoti system. The Khoti system was related to minor land tenures in the Bombay presidency. The Khoti system was different from Ryotwari system, in the latter the occupants were directly responsible to the government, while in the former, the government employed the services of the Khot for the purpose of collecting revenue. In this system, Khots had the right to collect land revenue from the farmers, which they passed to the British government. According to Narandra Jadhav, “it was a oppressive system that had subjected to a vast majority of the rural poor in the region to virtual serfdom. All farmers and their families coming under the system were treated by Khots as bonded labourer, generation after generation” (Jadhav.107).

By the introduction of the bill, Ambedkar sought to put an end to this system and tried to establish a direct relationship between the actual tillers of the land and the government. In the bill he also made provision for the payment of reasonable compensation to the Khots. Thus, it proved to be a great advantage to the Land Reforms Legislation in the post-independence India. Ambedkar advocated State Socialism and wanted it to be in operation as early as possible. According to him, agriculture was to be a State industry. He recommended that the state should acquire along with the key and basic industries, and insurance, all the agricultural land held by private individuals. Thus, Ambedkar’s understanding of India’s agricultural problems reflects his deep commitment to democracy with a view of economic development.

Ambedkar’s view on the problem of Indian currency

Ambedkar has written his thesis on Monetary Economics for his Doctoral thesis at London school of Economics, under the guidance of Professor Edwin Cannan, one of the leading experts in Economics. It was later published into a book, The Problem of the Rupee: It’s Origin and Its Solution, in 1923. In this book, Ambedkar has analyzed the exchange rate, external trade and the evolution of Indian currency. Ambedkar has done a historical analysis from the year 1800 to 1893 and upto 1920s for the analysis of British currency policy.
Ambedkar has presented a pertinent explanation of all important developments dating from the bimetallic experiments of the 1840s, the decline in the value of silver currency in the last quarter of the nineteenth century, the abolition of silver standard and the pegging of the rupee. Ambedkar holds a view that, what was originally a gold standard transformed into a gold exchange standard, which was contrary to the view that exchange standard was the originally contemplated by the government of India. Ambedkar advocated a fresh perspective on the evolution of currency system and in doing so he also criticized John Maynard Keynes, an influential economic thinker of that time.

According to Narendra Jadhav, “Dr. Ambedkar vehemently criticized Keynes and other supporters of the Gold Exchange Standard and argued in favour of the Gold Standard in a modified form. Ambedkar proposed that all further coinage of the Rupee should be permanently prohibited; a suitable gold coin be minted; the ratio between the gold coin and the Rupee may be fixed by law and the Rupee and the gold coin should not be mutually convertible” (Jadhav.51).

Ambedkar proposed that the government should use part of the gold standard reserve for reducing the rupee currency by a substantial margin so that even in terms of reserve depreciation, it might remain limited to the needs of occasion. Ambedkar was against the standard of exchange and favored the establishment of an inconvertible rupee with the fixed limit of issue. Throughout the essay, Ambedkar has criticized the management of Indian currency by the British.

Ambedkar also gave his ideas on the Exchange rate policy. Ambedkar said that the medium of exchange between any two countries would be stable if they employ the same metal functioning as their standard money. According to Ambedkar, there could not be a fixed par of exchange between two countries having different metals as their currency standards, because, then there will be a fluctuation between the value of money. The reason because of the fluctuation of gold and silver exchange between England and India in 1873 is because of the demonetization of silver, as a standard medium of money by the principle countries of the world. There was a continuous fall in the exchange rate due to the decline in the relative value of silver in terms of gold which increased the burden on the Government Of India.
Ambedkar made the following recommendations for the reformation of Indian currency:

1. Stop the coinage of rupees by absolutely closing the mints to the Government as they are to the public.
2. Open a gold mint for the coinage of a suitable gold coin.
3. Fix a ratio between the gold coin and the rupee.
4. Rupee not be convertible in gold and gold not to be convertible in Rupees, but both to circulate as unlimited legal tender at the ratio fixed by law.

Relevance of Ambedkar’s Economic ideas in today’s world

Ambedkar’s ideas for reformation of Indian economic structure are of great use for the present day economy. Ambedkar cannot be overlooked in the developmental process of Indian economy even today. One of the main contributions of Ambedkar towards economics was the provision for an appointment of the finance commission in our Constitution to describe how the tax and non-tax revenue is to be shared between the center and the state. The basic source of this policy basic is the book, *The Evolution of Provincial Finance in British India*, written by Ambedkar. According to Narendra Jadhav, “while the role of the finance commission is widely recognized, most people seem to be unaware of the fact that the analytical foundation of the Finance Commission Reports is derived from the seminal contribution and perceptive analysis made by Ambedkar. Evidently, therefore, Ambedkar’s contribution to Public Finance is as relevant today as it was when this pioneering piece of work was first brought out” (Jadhav.34).

Ambedkar’s contribution towards the reformation of agriculture also has its relevance today. Ambedkar’s Bill on the abolition of the *Khoti* system possessed a far-reaching implications for Land reforms in India. It showed his commitment towards the democracy based on liberty, equality and fraternity. And his suggestion for the speedy industrialization was one the remarkable idea for the problems of Indian agriculture even today.

Ambedkar’s writings on Monetary economics, his statement before the Royal commission and Finance, paved the way for establishment of The Reserve of India in April, 1935, which is now the main regulator of all the financial activities of India. Ambedkar’s argument for the establishment of regulatory mechanism to control the discretionary powers invested on the issuer of the currency also has great importance. There is a need of strong and strict regulation for stability in prices and stable currency standard in the present condition of heavy fiscal deficit and automatic monetization.
Ambedkar has contributed extensively to various economic issues and problems. For economic development in India Ambedkar preferred industrialization and land reforms for the growth of agriculture, gold standard for maintaining stability in the value of Indian currency, smooth center-state relationship and intervention of state for the economic development. Although, most of his writings were of pre-independence period they have immense importance in today’s world also.

Even after contributing immensely towards economic development of India, Ambedkar, was neglected as an economist for long. According to Narendra Jadhav, “the Indian society has inflicted a grave injustice upon itself by not taking cognizance of Ambedkar as an economist for long. What Ambedkar always had in mind was the best in the interest of the nation as a whole. Depriving the Indian society of the benefit of Ambedkar’s economic thoughts will prove to be self-defeating for India as a nation” (Jadhav.220).

Works cited


