CHAPTER - V
RELEVANCE OF DR. B.R. AMBEDKAR’S ECONOMIC IDEAS

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5.1. Introduction

Dr. B. R. Ambedkar was a genius economist, who had a very clear perspective for welfare of downtrodden community. He was a philanthropist who had an interdisciplinary approach and he was able to develop various concepts regarding economic development of the weaker section and downtrodden community. Dr. Ambedkar’s contribution of Indian economic thought which has originated from Kautilya to Dadabhai Naoroji leads towards the economic nationalism of India. Dr Ambedkar struggled whole life for the liberation of the masses from the clutches of the bourgeons or the conservative economic system.

Admiral Vishnu Bhagwat has opined that, Dr Ambedkar descended the Indian skies like a meteor, lighting up the freedom movement with a viable economic vision and road map, charted a constitutional democracy which, as he often said, could take us to the revolutionary goal of equality, liberty and fraternity. This assessment is accepted by a large number of people.

However, his economic ideology and mission have been buried in the sands of globalization, privatization and ‘reforms’ by the ruling elite and even his self-proclaimed followers, who have joined hands in erecting stone and granite statues of the ‘Revolutionary’ whose thoughts not only sprang from the soil of the country but also its political, economic and social realities.¹

5.2. Constitution a Social Document

Granville Austin has described the Indian Constitution drafted by Dr. Ambedkar as first and foremost a social document. The majority of India's constitutional provisions are either directly arrived at furthering

¹ Atrocitynews.com/dr/br/Ambedkar-economic-vision-central mission
the aim of social revolution or attempt to foster this revolution by establishing necessary conditions for its achievement.

Dr Ambedkar provided constitutional guarantees and protections for a wide range of civil liberties for individual citizens, including freedom of religion, the abolition of untouchability and the outlawing of all forms of discrimination. Dr. Ambedkar argued for extensive economic and social rights for women, and also won the Assembly's support for introducing a system of reservations of jobs in the civil services, schools and colleges for members of scheduled castes and scheduled tribes, a system akin to affirmative action.

The working committee of all India Scheduled Castes Federation feels that unless persons belonging to scheduled castes are able to occupy posts, which carry executive authority, the scheduled caste must continue to suffer as they have been doing in the past all the injustices and indignities from the hands of the Government and Public.

5.2.1 Provisions in the Annual Budgets For The Education Of SC And ST

The working committee therefore regards the spread of higher and advanced education among the scheduled caste as of vital importance to them. But it cannot be denied that such advanced education is beyond the means of scheduled castes.

The committee regards it as essential, that a definite liability should be imposed on the state to provide funds for that purpose and demands that the constitution should impose an obligation upon the Provincial Government and Central Government to set apart adequate sums as may be specified by the constitution exclusively for advanced education of scheduled castes in their annual budgets and to accept such provisions as a fast change on their revenues.

2 Austin, Indian Constitution p 50
(What Congress & Gandhi have done to the Untouchables-by Dr. B.R. Ambedkar: page 352.

5.2.2 Educational Views:

“An educated person would play as a role of engine to the entire society. Society should get direction like engine, and it could be drawn by the elite, educated person. An educated has to cooperate with each an every member of the society for the development of desired future.”

“An education is very important role in human life, as our basic needs such as food, clothes and shelter as lord Buddha said.”

The last Political Speech

“I had a speech at shyam hotel, Nagpur addressing to my people that, “I know that you people are interested in politics other than the religion. But I am interested in religion than politics. Schedule caste federation would cultivate self-respect, and self-confidence, among our oppress schedule caste people. The situation is that now people from other casts are not ready to vote for our cast representatives. The persons, leaders who considered the views and approaches of our people by their help we have to formed the separate political party.

You people also try to work politically with other party members too. This is the time to get review of the situation.”

India’s lawmakers hoped to eradicate the socio-economic inequalities and lack of opportunities for India's depressed classes through these measures. The Constitution was adopted on 26 November 1949 by the Constituent Assembly. The purpose of Constitution was to bring social change.

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6 En.wikipedia.org/wiki/b.r.ambedkar
Dr. B R Ambedkar resigned from the cabinet in 1951 following the stalling in parliament of his draft of the Hindu Code Bill, which sought to expound gender equality in the laws of inheritance, marriage and the economy. Although supported by Prime Minister Nehru, the cabinet and many other Congress leaders, it received criticism from a large number of members of parliament. Dr. Ambedkar independently contested an election in 1952 to the lower house of parliament, the Lok Sabha, but was defeated. He was appointed to the upper house, of parliament, the Rajya Sabha in March 1952 and would remain as member till death.

Dr Ambedkar is not just a political figure but adored by a large mass in India as a prophetic icon and given best economic ideas for the welfare of nation. For the weaker section & downtrodden communities, their transformation from “walking carcasses” into right bearing citizens is mostly due to his sociopolitical struggles. His iconic presence among the Dalit psyche has provided an inspirational impetus to new social movements and has substantively democratized intercommunity living.

In the post-Ambedkar period the Dalit Panthers in Maharashtra radicalized Dalit consciousness and brought up vital questions of caste atrocities, violence and unemployment among the Dalit youth in mainstream political discussion. The Dalit socio-cultural movements in Maharashtra are known for their rooted materialism, revolutionary potential and the capacity to alter the sociopolitical cultures. They have utilized the most modern and progressive values while mobilizing the Dalits and have championed the struggle for equal human rights and dignity. Further, the movement has ridiculed the conservative fundamentalism of Brahminic cultural iconography as regressive and has adopted a humane version of Buddhist symbolism in construction of
social capital. This change was responsible for bringing new confidence in the society.

The distancing of Dalit social life from their political representatives in Maharashtra is a well-known development. However, even in the absence of mainstream political representation, they have democratized the social atmosphere by continuously engaging themselves in constructing visible landmarks in religious, cultural and literary circles. The alternative forms of social mobilization by forming numerous local socio-cultural organizations in the name of Lord Buddha, Dr. Ambedkar and Jyotiba Phule, their massive participation during the festivals named after Dalit icons, the presence of a robust emerging Dalit middle class and continuous engagement of Dalit intellectuals in raising pertinent questions of social justice in the mainstream media have established Dalits as important actors in shaping the sociopolitical public reason in India. The foremost character of these assertions is its promising allegiance to democratic norms, peaceful coexistence with other social groups and creative utilization of social capital to raise day-to-day questions that affect the normal lives of Dalits. Such active participation of the Dalits in molding social spheres at different intervals has also been marked by aggressive protests.

It would be easier to understand provisions of the reservation in the Indian constitution in the background of proper analysis of the economic ideas of Dr Ambedkar.

5.2.3 Nani Palkivala An Ultimate Defender Of Constitution

If Dr. Ambedkar was the creator of the Constitution, Nani Palkivala was its ultimate defender. The best tribute to him is to never forget that the Constitution is the ultimate protector of our

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7 http://parliamentofIndia.nic.in/ls/debates/facts.htm
8 http://www.epw.in/commentary/Ambedkar-ncert-textbooks-and-protests.html
Republic and our way of life, 9 62 years after the journey began, India is a stronger and more prosperous nation, but it is not yet a nation that has found peace and harmony. Nor is it yet a fair and just society. 10 The congress party senior leader, parliamentarian, and long term minister in union of India P Chidambaram expressed views are necessary to be learn so one can understand without civilian’s mentality to be prepared to protector of Indian Constitution until and unless in India it can’t be find hundred percent peace and harmony.

Remembering the words of Babasaheb the Minister said “Dr. Ambedkar had said “The first condition precedent for the successful working of democracy is that there must be no glaring inequalities in the society. Secondly, there must be statutory provisions to mitigate the sufferings and to safeguard the interest of the suppressed and oppressed people. The society must be based on the principles of liberty, equality and fraternity in order to ensure social endosmosis”. “Democracy to Ambedkar is “a form and a method of government whereby revolutionary changes in the economic and social life of the people are brought about without bloodshed.” According to him, for removing the social, economic, political and religious disabilities of the untouchables, it was necessary to establish Government of the people, for the people and by the people. His ultimate aim of life was to create a “real social democracy”. 11 Kumari Selja, Minister SJ&E & Chairperson, DAF as stated is not presently followed in practical séance it appears only in the paper work.

5.2.4 Dr. Ambedkar demanded separate electorate for untouchables for socio-economic development

Dr. Ambedkar demanded a separate electorate for untouchables for socio-economic development of the untouchables. From the beginning Ambedkar was convinced that political empowerment was key to the socio-economic development of the untouchables. Therefore, he vehemently demanded a separate electorate for untouchables in the Second Round Table Conference in 1932.  

5.2.5 One Person, One Vote, One Value

As Chairman of Drafting Committee of our Constitution, he is rightly called as the ‘Father of the Indian Constitution’. Dr. Ambedkar’s vision of ‘one person, one vote, one value’ is yet to be realised and may have to await a more egalitarian social milieu. In terms of existing reality, an elected candidate in our system is one who has secured a plurality, not a majority, of votes cast in his/her electoral constituency. Here some questions arise: Did the candidate obtain a majority of total votes or a majority of the votes cast? If the latter, would it constitute a majority in terms of the democratic principle of 50+1? If not, and in case the electoral decision reflects the will of a minority of the total electorate, how and to what extent would the candidate be considered representative? If considering the views of Hon’ble Vice President of India Shri M. Hamid Ansari the nation has to think for electoral reforms as like his Suggestions have been made with regard to possible correctives to the present system. Principal among these are (a) Mixed Compensatory Proportional Representation on the German model and (b) Second Ballot System to

12 http://www.frontlineonnet.com/fl2815/stories/20110729281509500.htm
13 ibid http://pib.nic.in/newsite/erelease.aspx?relid=90853
14 ibid http://pib.nic.in/newsite/erelease.aspx?relid=90853
achieve a 50% +1 result. Their merits need to be carefully assessed in terms of our conditions to achieve the corrective prospective.

5.3. The problem of the rupee-

The problem of the rupee – its origin and its evolution was Dr. Ambedkar’s unique contribution relevant to the Indian economy. This book was outcome of his monograph submitted to London School of Economics for which he was awarded the degree of D.sc. in his forward to the treatise Prof. Edwin Cannan has pointed that the plan for adoption of which Mr. Ambedkar pleads, namely that all further enlargement of the rupee issue should be permanently prohibited, and that mints should be opened at a fixed price to the importers or to her sellers of the gold so that in course of time India would have in addition to fixed stock to rupees a currency of meltable and exportable gold coins follow European precedents.\(^{15}\)

In problem of rupee Dr Ambedkars opined that, “The percentage of administrator and legislator to under the gold slandered is painfully small, but it is likely to remain ten or twenty time as great as the percentage which understand the gold exchange system.” \(^{16}\) Dr Ambedkars prediction has come true and the condition has changed. Dr Ambedkar further opined that,

5.3.1 Ancient Indian commerce

There are very few countries in the world, where there may be said to prevail so many social evils has been the case in India. Law is a means by which society from time to time repair its ills, in order to effect its conservation. \(^{17}\) Dr Ambedkars through Indian Constitution tried to change social profile of India trough empowering the weaker section. In Columbia University, Dr. Ambedkar had submitted his dissertation on the

\(^{15}\) Writing and speeches of dr Ambedkar vol-6, 1989, p-332
\(^{16}\) Ibid, p-331 and 332
\(^{17}\) Writing and speeches of dr Ambedkar vol-6 1989, p- 229
topic Ancient Indian commerce which was a unique contribution about the ancient economic system in the ancient Indian society. His paper on the anthropology had provided him a good Indian society. His paper on anthropology had provided him a good deal of background to understand the Indian Varna and the caste system which was responsible for the exploitation of the weaker section.

5.4 State and Minorities

Dr. Ambedkar’s work “state and Minorities what are the rights and how to secure them in the constitution of free India can be described as a milestone in the field of socio economic reformation in modern India. This book echoes a number of progressive ideas that have reflected in the directive principles of state policy in the constitution of India. Dr. Ambedkar’s concept of state socialism can be studied for understanding his progressive ideas in the context of globalization.

India became the poster child for post–World War II socialism in the Third World. Steel, mining, machine tools, water, telecommunications, insurance, and electrical plants, among other industries, were effectively nationalized in the mid-1950s as the Indian government seized the commanding heights of the economy.

Other industries were subjected to such onerous regulation that innovation came to a near standstill. The Industries Act of 1951 required all businesses to get a license from the government before they could launch, expand, or change their products. One of India’s leading indigenous firms made 119 proposals to the government to start new businesses or expand existing ones, only to find them rejected by the bureaucracy.

18 The problem of the rupee: its origin and its solution (history of Indian currency & banking) chart iv Prices and wages in India and England, 1873-93
The government imposed import tariffs to discourage international trade, and domestic businesses were prevented from opening foreign offices in a doomed attempt to build up domestic industries. Foreign investment was subject to stifling restrictions.

But the planners failed. Manufacturing never took off, and the economy meandered; India lagged behind all its trade-embracing contemporaries. Between 1950 and 1973, Japan’s economy grew 10 times faster than India’s. South Korea’s economy grew five times faster. India’s economy crawled along at 2 percent per year between 1973 and 1987, while China’s growth rose to 8 percent and began matching rates for Hong Kong, Taiwan, and other Asian tigers. Even as that reality became clear as early as the late 1960s and early 1970s, India’s policy makers refused to give up on economic planning. Experts and elected officials settled for what they called the “Hindu Rate of Growth,” which, according to official figures, was sluggish at about 3 to 4 percent per year. That would be respectable for a developed country like the United States or Germany, since they have started from a higher economic base. Datta and Sundaram observe that, as a developing economy during the last four to five decades of development. India has able to reduce poverty from a level about 54 present in 1960-61 to a level of 26 present in 1999-2000. ¹⁹ This was possible due to adoption of progressive economic ideas.

Attitudes finally began to change in the 1980s, as India’s persistent budget deficits forced austerity measures in the middle of the decade. A foreign exchange crisis in 1991 precipitated major shifts in public policy thinking. The government brought spending in line with revenues and moved away from fixed exchange rates, allowing the Indian currency to reflect world prices. (Fixing exchange rates at a government-determined price tended to overvalue the rupee on world markets, discouraging

¹⁹ Datta and Sunradam, Indian Economy, S Chand & Co. New Delhi, 2012p-10
foreign investment.) The government began to open the door to foreign investment while Indian companies were allowed to borrow in foreign capital markets and invest abroad. Inflation was brought under control.

It has been pointed that, A recent meta-analysis of the effects of foreign direct investment on local firms in developing and transition countries suggests that foreign investment robustly increases local productivity growth.²⁰ Globlation has benefited elite classes, but it should benefit poor strata.

The new policies fostered a booming information technology industry, which grew to billion-dollar status in the mid-1990s and exceeded $6 billion in revenues by 2001. The technology sector didn’t suffer from as many burdensome regulations as, say, steel and airlines. Nor did its success hinge on traditional utilities and basic infrastructure, depending more on new technology such as satellites. A 2004 World Bank report notes that “Services, the least regulated sector in the economy continue to be the strongest performer, while manufacturing, the most regulated sector, is the weakest.”

At first, Indians were simply subcontractors to more sophisticated multinational companies. Then Indian companies began to generate new technologies on their own as they tapped into the global marketplace. The software used to power Palm Pilots, for example, was developed by an Indian firm, not outsourced to technicians or programmers. Today 1,600 tech companies, including the billion-dollar multinationals Infosys and Wipro, export products and services from India’s high-tech capital Bangalore. U.S. companies with major Indian investments include Google, Yahoo, Microsoft, and Oracle. While I.T. exports led the industry’s early growth, future growth is expected to be based on the expansion of the domestic economy. Dr Ambedkar firmly believed that

²⁰ http://en.wikipedia.org/wiki/Foreign_direct_investment
political democracy cannot succeed without social and economic democracy. In his talk given on the Voice of America.” He felt that democracy can be the way of life, if poor people are empowered. With a billion people, India is bound to become a major consumer powerhouse. It may even compete China as India is “Culturally much more attuned to free market ideas,” says Barun Mitra, managing trustee of the New Delhi–based Liberty Institute. “India’s social and institutional fabric is much more resilient than China’s. The nationalized component of the Indian economy is relatively small. India’s share of the workforce in any kind of public sector is barely 6 percent of the total workforce of 420 million.”

Furthermore, India’s regulatory apparatus was crafted from a kinder, gentler form of socialism. For one thing, more than 90 percent of its workforce is in the informal sector, largely untouched by the regulations perpetuated by the federal government in Delhi and the state and regional governments. Furthermore, India is a liberal democracy, bounded by a constitution and a broad-based cultural tolerance for different lifestyles and points of view. Those same factors—grassroots respect for trade, constitutional governance, and cultural tolerance of diversity—have contributed to the rise of another industry symbolic of a progressive, dynamic economy: film and entertainment. “Bollywood’s” movie output rivals that of Hollywood and Hong Kong.

That’s not to say there’s no intolerance: A bloody war followed India’s independence and partition in 1947, and serious tensions have persisted along religious, ethnic, class, and caste lines. Thirty thousand people died in the state of Punjab between 1980 and 1995 primarily because of conflict between Hindus and Sikhs. Yet Punjab is now peaceful, and is one of India’s richest states.

The key to further progress will be leveraging the country’s comparative economic advantage in information technology and services. “India has many of the key ingredients for making this transition,” notes a 2005 report from the World Bank Finance and Private Sector Development Unit. “It has a critical mass of skilled, English-speaking knowledge workers, especially in the sciences. It has a well-functioning democracy. Its domestic market is one of the worlds largest. It has a large and impressive Diaspora, creating valuable knowledge linkages and networks.” As robust as India’s growth is, it probably could do much better. It will take a continued commitment to open trade to achieve higher growth rates, and it’s still unknown whether India has the political commitment to stay the course.

The first thing strikes us is that Ambedkar had studied under the foremost authorities of the time both at the Columbia University in the US and at the University of London. He came under the influence of the outstanding American philosopher of the time, John Dewey who was among Ambedkar’s teachers at the Columbia University. Dewey had forsaken the then dominant Hegelian theory of ideas, and formulated an instrumentalist theory of knowledge, which conceived ideas as instruments to solve social problems. Ambedkar internalized Dewey’s message, which considered philosophy, in its essentials, as criticism involving reconstruction. He could also have been influenced by one of the leading anthropologists of the USA, A Goldenweiser in whose seminar, Ambedkar was encouraged to present a paper on castes in India which was later published in the Indian Antiquary (May 1917). What was most fortuitous was Ambedkar’s teacher of public finance, Edwin R A Seligman who was then the McVickar professor of political economy at...
Columbia, and firmly placed among the most outstanding students of public finance and history of economic thought at that time. You will know that he edited the monumental Encyclopedia of Social Sciences published in the 1930s. Subsequently, when Ambedkar went to London, his teacher was an equally eminent economist, Edwin Cannan who was also an acknowledged authority on the history of economic thought. It is worth remembering that Cannan’s edition of Adam Smith’s Wealth of Nations was the most used edition until very recently when the Glasgow edition replaced it. Prof. Cannan opined that, great majority of population, who suffer from these extra and wholly unearned profits being extracted from them, Stability is a best in a long run for the community.24 His opinioned was suitable for Indian conditions.

Ambedkar’s major writings are easily listed because after the late 1920s, he seems to have written almost nothing, though he has made some extremely insightful comments here and there one of which will be elaborate at the end. The major economics publications are The Problem of the Rupee: Its Origin and Its Solution (P S King and Son Ltd, London 1923), and The Evolution of Provincial Finance in British India – A Study in the Provincial Decentralization of Imperial Finance (P S King and Son Ltd, London 1925). There is one significant academic paper he wrote in 1918, He pointed that division and fragmentation of is a complex problem in India25. Besides these, there is his unpublished MA thesis, Administration and Finance of the East India Company (Columbia University, 1915). Apart from these academic economic writings, there are his Memoranda and evidence given to various government commissions, speeches in the different legislative bodies, and book reviews which all have some economic content. All of these have been

24 Writing and speeches of dr Ambedkar vol-6 opcit, p- 334
brought together by the government of Maharashtra in a multi-volume complete edition, Dr Babasaheb Ambedkar: Writings and Speeches. It is a matter of some regret that while much devotion and dedication has gone into the production of this edition, adequate attention to proper editing and scholarly annotating has not been tendered.

5.5 Economics to Law

As earlier remarked it was unfortunate for the economics profession that Ambedkar decided to “changeover from economics to law and politics” as he remarked in the preface of the Indian edition of The Problem of the Rupee in 1947. It would appear that even at that stage, he hoped to come back to the subject by bringing the financial history from 1923 onwards in a second volume, and wrote. Within two months of writing this, India became free, and Ambedkar was caught once more in the world of law and politics, and he could not keep this promise.

Dr. Ambedkar concerned himself in his expert writings. Firstly, the policies examined by Ambedkar in his The Problem of the Rupee mainly, and elsewhere, deal with monetary standards as they had evolved during the previous few decades. The basic Indian currency unit, the rupee, has had a long history. Until 1893, it was based on a silver standard which means that the Indian rupee was based on the value of the silver content in it. From 1841 onwards gold coins also became legal tender at one mohur as equal to 15 silver rupees. Owing to vast gold discoveries in Australia and US, gold value fell, and from 1853 onwards gold coins ceased to be legal tender. Though many suggestions were made to introduce gold coinage especially after 1872, these were not heeded despite from 1873 onwards, due to enormous silver discoveries, the price of silver fell and hence the price of rupee slipped in terms of gold. From

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1872 to 1893, this acted as a continued devaluation of the Indian currency which while was good for Indian exports, was not good for the Indian economy, it had to produce more rupees to remit expenses undertaken in England by India which were in sterling (i.e., gold) terms. In 1893, the government stopped coining silver rupees though agreed to coin rupees in exchange of gold at a ratio of one pound four pence per rupee. It became managed currency with the government reserving the right to coin rupees whenever it was found necessary. The idea was to introduce eventually a gold standard with gold currency replacing the existing (managed) silver standard. In 1899, at the suggestion of the currency committee headed by H H Fowler, Indian mints were thrown open to issue gold coins. Gold was sought to be used widely, but it also recommended the silver rupee to remain unlimited legal tender. This was mistaken because under gold currency, rupee should have been token coin. From now on, many events took place till the gold exchange standard came to be established in 1906. According to this system, silver rupee was guaranteed convertibility into sterling pounds (based on gold value) at a fixed price, and make it available without any limit. The accumulated gold in India, instead of supporting a gold standard with gold currency in India, was kept in London to maintain the stability of the rate of exchange. However the system broke down in 1916 with the enormous rise in the value of the silver. Silver rupee more or less ceased to be merely token, and the system effectively became silver standard. Ambedkar’s writings took all this and argued stridently for a proper gold standard with gold currency as he was highly critical of the gold exchange standard though the latter received powerful theoretical support from all the then leading authorities including John Maynard Keynes. Ambedkar’s main thrust was to criticize the “reckless issue of rupee currency” made possible by the gold exchange standard. He pointed that, some of his friends in the field of
teaching economics assured that, nothing had been said or written since 1923 in the field of Indian Currency.\textsuperscript{27} It seems Ambedkar's views remained effective up to 1947.------ He highlighted the perversity of the system because gold reserves which were supposed to guard a run on the currency, depend actually upon adding to the currency stock. In general by removing the automaticity of the currency supply within the country, this system vests the government enormous power to bloat the money supply. The excessive importance given to maintain the stability of exchange as against internal stability of the value of currency was not a proper policy for India, he contended. Neither was Ambedkar a votary of deliberate lowering of the exchange rate whether planned or unplanned. Low exchange rate increases exports and boosts internal prices. This benefits the trading classes at the expense of the poorer people at home.

\textbf{5.5.1 Dr. Ambedkar on Currency}

In a gold exchange standard, the coinage is manipulated by the government to keep it at par with the value of gold. Ambedkar asked: Was the job of currency management only important for the amount of gold it will procure in the external market? Obviously not, because “what really concerns those who use money is not how much gold that money is worth, but how much of things in general (of which gold is an infinitesimal part) that money is worth. Everywhere, therefore, the attempt is to keep money stable in terms of commodities in general, and that is but proper, for what ministers to the welfare of people is not so much the precious metals as commodities and services of more direct utility” (VI, p 563). Dr. Ambedkar’s commitment was internal stability, and he was convinced that only an automatic system based on gold standard with gold currency could achieve this desirable end. Like every economist of his generation, he was a believer in the quantity theory of

\textsuperscript{27} Dr Ambedkar B. R., The Problem of the Rupee in 1947, preface, p-3
money and was afraid that governments will tend to artificially increase money in circulation. In his memorandum given to the Hilton Young Commission in 1925 he pointed out: “a managed currency is to be altogether avoided when the management is to be in the hands of the government”. While there is less risk with monetary management by a private bank because “the penalty for imprudent issue, or mismanagement is visited by disaster directly upon the property of the issuer”. In the case of the government “the chance of mismanagement is greater” because the issue of money “is authorized and conducted by men who are never under any present responsibility for private loss in case of bad judgment or mismanagement”\(^28\) (VI, p 627). In short, Ambedkar’s conclusion is clearly towards price stability through conservative and automatic monetary management. This is of such current relevance that in these days of burgeoning budget deficits and their automatic monetization, it would appear that we could do with an effective restraint on liquidity creation through an automatic mechanism. He further noted that, Stability of currency in term of gold is of important only to the dealers in the gold, but its stability in term of commodities in general affect, all, including the bullion dealers.\(^29\) His understanding was perfect.

The second theme that Ambedkar discussed in his academic publication The Evolution of Provincial Finance in British India (1925) relates to public finances. Ambedkar draws his main conclusions from his study of the Indian system which is probably even more relevant now than it was at the time he wrote. What arrangements can be made in a public fiscal system that will enable it to be “administratively workable”. The main objective according to him was: “To make administrative polities independent by requiring them to finance themselves entirely out

\(^{28}\) Dr Ambedkar writing and speeches, vol 6, p-627

\(^{29}\) Dr Ambedkar writing and speeches, vol 6, p-563
of their own respective resources without having to depend upon one another must always be regarded as a very important end to be kept in view in devising a new financial arrangement”. This is not always possible because of “several concurrent or overlapping tax jurisdiction”. The two methods to solve the problem, i.e., ‘system of divided heads’ and ‘contributions’ both have advantages and disadvantages.

Dr. Ambedkar looked at some of the consequences of the Montague-Chelmsford reforms in provincial finances. What he cites from the dispatch of the secretary of state could have been written now: “If the financial stability of the Provinces is not to be undermined, with ultimate jeopardy to the Government of India itself, it is impossible to contemplate the continuance of a series of Provincial deficits financed by borrowing either direct from the public or from the Central Government”. The similarity does not end. The provinces proposed an increase in their resources by revising the financial arrangements enunciated in the Act. What the secretary of state said in 1922, might have been said by Yashwant Sinha today: “Equilibrium can only be achieved by reduction of expenditure and the adoption of measures which will lead to an increase in revenue”. Ambedkar of course is scathing towards what he calls the “very unreasonable attitude” of the provinces, and points out how they have all failed their duty. Years later in 1939, he was to remark that “patriotism vanishes when you touch a man’s pocket and It is sure that the States representatives will prefer their own financial interest to the necessities of a common front”\(^{30}\) (I, p 347). He squarely blames the governments for lacking political will to achieve efficient and equitable economic administration: “National prosperity may be great and growing and the increase of national wealth may be proceeding unchecked. If under such circumstances enough revenue is not obtained the fault does

\(^{30}\) Dr Ambedkar, Writings and Speeches, Vol-I, p 347
not lie with the social income. Rather it is a fault of the government which must be said to have failed to organize and marshal the national resources for fiscal purposes. The same is to some extent true of the Indian government. As for the base of taxation, Ambedkar considered income from land as the most likely source to augment state revenue, but he was vehemently opposed to the “pernicious effect of the system which bases the tax on a unit land held” (VI, 302ff). Ambedkar knew the problem clearly of tax proposals. Under the diarchy, when the government is run by a ministry recruited from the elected members of the provincial legislature, it would be futile to expect tax increases. More generally he said that if “nomination was the general mode of obtaining a seat in the Legislature”, it was not necessary to “mind the prejudices of the electors”. If however, the “seat is in the gift of the elector a candidate to the Legislature who proposes to touch his pocket has a small chance of success, even though the new taxes are to result in more than proportionate benefit”. In any case a political party which “has won power from a bureaucracy by accusing it of heavy taxation cannot easily disgrace itself by continuing the same policy”. But can they reduce public expenditure by enforcing administrative economies. Not likely because under diarchy, the governor in council will not allow retrenchment as he has no particular interest in effecting economies in public expenditure. The result was that “the chances of an early equilibrium in Provincial finance are very small”. One wonders whether Ambedkar was talking of state finances in India in 1999!

Ambedkar’s criticism of diarchy has a modern ring. Again in Ambedkar’s words: “if there is no sound finance in the Provinces it is because diarchy is not a good form of government. Now, why is diarchy not a good form of government apart from its basic undemocratic character? The answer …. is very simple….it is opposed to the principle
of collective responsibility”. If an administration has to work smoothly, “it must recognize the principle of impartibility of governmental work and a collective responsibility of the administrators in the execution thereof”. It is not easily understood that government work by nature is invisible because in practice “the functions of government can be and commonly are partitioned, as they are between local bodies and between departments”.31 This was a very useful suggestion. This does not mean that there is no “common thread that runs through them all: that no function of government acts in air that each reacts on some other function, and that the various functions cannot act at all produce orderly progress unless there is some force to harmonize them”. Collective responsibility is this harmonizing force. The conclusion is unmistakable: “Hybrid executives, divided responsibility, division of functions, reservation of powers, cannot make for a good system of government, and where there is no good system of government there can be little hope for a sound system of finance”.32 Dr Ambedkar suggested to use funds for public welfare. There is some discussion on public expenditure. The main point he makes is that an alien government cannot be expected to use the funds it has to the betterment of the people. As he made it clear: “if the Executive in India did not do certain things most conducive to progress it was because by reason of its being impersonal and also by reason of its character, motives and interests it could not sympathize with the living forces operating in the Indian Society, was not charged with its wants, its pains, its cravings and its desires, was inimical to its aspirations, did not advance education, disfavored Swadeshi or snapped at anything that smacked of nationalism, it was because all these things went against its grain”. In other words, the government “not being of the people could not

31 Dr Ambedkar, Writings and Speeches Vol-V1, p 303
32 Dr Ambedkar, Writings and Speeches Vol-V1, p 307.)
feel the pulse of the people”. One would have expected that Ambedkar would have given detailed treatment to problems of taxation and expenditure having been a student of Seligman, but as his concerns were different, he did not give much importance. But his interest surfaced on these issues when dealing with the Indian Constitution almost at the far end of his professional career.

5.5.2 Ambedkar Public Finance

The third theme of Ambedkarian economics. One has heard of the famous canons of taxation enunciated by Adam Smith more than 200-years ago, but has there been any similar canons regarding public expenditure? Nothing so pithy and pointed came my way in my not necessarily exhaustive studies of public finance literature until it noted recently such canons in a most unlikely place. B R Ambedkar while discussing the functions of the Comptroller and Auditor General said in 1949 during the framing of our Constitution that governments should spend the resources garnered from the public not only as per rules, laws and regulations, but also to see that “faithfulness, wisdom and economy” have gone into the acts of expenditure by public authorities. Firstly, the question of faithfulness. Faith in this context as defined by the dictionary is “duty or commitment to fulfill a trust, promise …” A main reason for the existence of public finance is that human beings living in society require certain things like roads, law and order, etc. that cannot be enjoyed exclusively. As the costs and benefits of such items cannot be internalized, they will not be supplied through the free market mechanism. Governments exist to provide these common requirements. Citizens in democratic forms of government are promised by their representatives to improve their welfare by judicious provision of such public goods and services, and they place their trust in the government by delegating authority to take taxation and expenditure decisions. How the
individual acts of public spending results in the augmentation of social welfare may not always be obvious because of spillover effects and long gestation periods. When the citizens are thus not in a position to comprehend clearly the consequences of government action, it is so easy to mislead them by false claims. Hence it becomes all the more necessary for the government to be faithful to the original intentions. For example, if a certain sum is allotted to a centre for higher education to improve its facilities without specifying the item of expenditure, a more faithful way of spending would be on libraries, laboratories and other items of teaching and research rather than on frivolous things such as statues of past professors or air conditioned limousine for its vice chancellor. The fidelity to the original intention must be tempered by ‘wisdom’. For example, the original intention of the policy may be to spread appropriate information through expenditure on the activities of the DAVP or information departments. But such a policy when executed may be faithful to the intentions but may not be wise. In other words, expenditure should transcend the personal, the ephemeral and the showy, but must be done with circumspection and understanding of the deeper issues involved. While sagacity, prudence and common sense are the hallmarks of a just and wise ruler, he should also possess experience and knowledge that can be applied critically and practically in specific areas. In the context of a just utilization of public funds, economic wisdom becomes a paramount necessity. But mere apparent faithfulness to the original intentions and wisdom are not sufficient in themselves for public expenditure to achieve social well-being. The importance of the third canon of public expenditure takes a special meaning here. ‘Economy’ in public expenditure does not simply mean a low level of public spending, but it is the intelligent use of funds so that every pai fetches the most benefit. Those in charge of public funds must strive to evaluate
alternative methods of achieving the objectives and see to it that leakages do not occur. The remarkable thing about Ambedkar’s canons is that they are ism-neutral. One can follow a policy of a large or a small public sector and yet the principles behind these canons are applicable. The canons are sufficiently flexible so that expenditure decisions can be related to the state of the economy. For example, what may be economic wisdom in undertaking a particular item of expenditure in one country may be economic stupidity at other times and other places. The canons emphasize that the expenditure decisions should closely relate to the specified objectives and the available resources besides ensuring economy, efficiency and effectiveness in the implementation of government decisions. While the determination of the aggregate level of expenditure is a matter of overall policy based on the democratic will of the people, allocation of that total among competing demands and the manner of utilization fall within the domain of these canons. Following the canons scrupulously in individual items of expenditure cannot always eliminate problems arising out of the broader economic policy pursued by the government. But they can mitigate the harmful effects of ill-considered policies of our governments. In the present context of high fiscal deficits, a rigorous application of the Ambedkar principles can help reduce the quantum of public expenditure.

5.5.3 Dr. Ambedkar’s Ideas on Agrarian Economy

To discuss relates to his ideas on agrarian economy. In his paper ‘Small holdings in India and their remedies’ (I, 453ff) published in 1918, he takes on a problem that is still haunting Indian agrarian system. At that time, British administrators and academics in India who were used to their own country where large agricultural land holdings was the norm, were appalled at the low productivity of Indian land. This they ascribed to the minuscule size of the farm land cultivated by Indian peasants. A
number of suggestions emanated from sympathetic observers like H S Jevons of Allahabad University, Harold Mann and G F Keatinge of Bombay, and the committee appointed to make proposals on the consolidation of small and scattered holdings in the Baroda State (1917). They all proposed to consolidate and/or enlarge the holdings in the hands of individual farmers through interesting administrative measures. Ambedkar made a critical examination of the above, and in the process arrived at some very advanced conclusions. To begin with, he struck at the very root of the proposals by arguing that there can be no such thing as a correct size of agricultural holding. As he argued, land is only one of the many factors of production and the productivity of one factor of production is dependent upon the proportion in which the other factors of production are combined. In his words: “the chief object of an efficient production consists in making every factor in the concern contribute its highest; and it can do that only when it can co-operate with its fellow of the required capacity. Thus, there is an ideal of proportions that ought to subsist among the various factors combined, though the ideal will vary with the changes in proportions”. From this he proceeds to say that if agriculture “is to be treated as an economic enterprise, then, by itself, there could be no such thing as a large or small holding”. If this is so, what is the problem? Certainly it is not due to a want of efficiency in utilizing whatever the peasant has. Ambedkar cites with approval an English civil servant: “They have a keen eye to the results of a good system of farming as exhibited on model farms”. Ambedkar’s answer rests on the inadequacy of other factors of production. The insufficiency of capital which is needed for acquiring “agricultural stock and implements” arises from savings. But as Ambedkar remarks “that saving is possible where there is surplus is a common place of political economy”. Even this is a surface reason, the ultimate cause being “the
parent evil of the mal-adjustment in her social economy”. This is partly defined as the non-availability of sufficient land in India to give her prosperity through the means of agriculture alone. There is almost a prophetic statement made by him long before modern theorists of development systematized notions of disguised unemployment or under-employment: “A large agricultural population with the lowest proportion of land in actual cultivation means that a large part of the agricultural population is superfluous and idle.” Even if the lands are consolidated and enlarged and cultivated through capitalistic enterprise, it will not solve the problem as it will only aggravate “the evils by adding to our stock of idle labor”. The only way out of this impasse is to take people away from land. This will automatically “lessen and destroy the premium that at present weighs heavily on land in India” and large “economic holding will force itself upon us as a pure gain”. He concludes that “Industrialization of India is the soundest remedy for the agricultural problems of India”. This can generate adequate surplus that will also eventually benefit the agricultural sector. Indeed a shift from primary industry to secondary industry is vital and it must be attempted seriously to prevent the present enlargement of the rural population that was being witnessed and remedies based on what he calls “faulty political economy” were being advocated. In the matte of securing economic rights its response was of very high lightened character, and the legislation, it has been persuaded to undertake for giving security or fixity of tenure to the agriculture.\textsuperscript{33}

5.5.4 The Better Realization Of the Directive Principles

As Dr.Ambedkar observed in Constituent Assembly .. “…. If it is said that directive principles have no legal force ……, I am prepared to admit it. But I am not prepared to admit that they have no sort of binding

\textsuperscript{33} Writing and speeches of dr Ambedkar vol-6, op cit, p- 229
force at all…… nor I am prepared to concede that they are useless because they have binding force in law. The draft Constitution as framed only provides a machinery for the Government of the country. It is not a contravenes to in a nutshell any particular party in power as has been done in some countries .. who should be in power is left to determine by people, as it must be, if the system is to satisfy the test of democracy. But whoever captures power will not be free to do what he likes with it. In the exercise of it, he will have to respect this instruct of instructions which are called Director principles. He cannot ignore them. He may not have to answer for their breach in Court of law but he will certainly have to answer for them before the electorate at the election time. What great value these directive principles possess will be realized better when the forces of right contravened to capture power.34 He said … the intention was that in future the legislature and executive should not merely pay lip service to these principles but they should be made the basis of legislative and executive function. They may be taking hereafter in the matter of governance of the country ……… It was not an attempt to incorporate in Chapter IV the positive mandate to the State and prescribe the manner in which those mandates were to be realized. The directive principles were intended to impart continuity to national policy and their flexibility made it possible for the parties of the right and left to strive in their own way to reach the ideals of social and economic democracy whenever they would get an opportunity to form the Government after having received the verdict of the people at the path.35

Dr. Ambedkar’s main purpose in the pursuit of the discipline was normative. In other words, he hoped that his study of economics will lead to useful policy conclusions. Thus policy oriented welfare issues

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34 CAD Vol VII page 41
35 CAD Vol VIII page 382
interested him more than studying the technical aspects of the discipline to demonstrate economic theorems. This however does not mean that he did not show any regard for theoretical conclusions derived by others. Indeed it is significant that his knowledge of economic theory was amazingly up-to-date. Not only was his reading of contemporary economic literature wide and deep, he applied whatever that was in the cutting edge of the discipline to concrete situations, very imaginatively. Just to give an example, in a paper he wrote in 1918, he refers to the contributions that appeared in the American Economic Review issued a few months earlier. Another example of his penchant for using received economic theory to critically examine arguments is in an obscure review written in 1918 of Bertrand Russell’s book Principles of Social Reconstruction. Ambedkar takes him on the question of the ‘Love of money’ leading to human beings to “mutilate their own nature from a mistaken theory of what constitutes success” with the consequence of promoting a dead uniformity of “character and purpose, a diminution in the joy of life, and a stress and strain which leaves whole communities weary, discouraged and disillusioned”. Ambedkar tears into this argument of the ‘moralists’ against ‘love of money’ showing that this philosophy is connected to particular economic circumstances, and not of universal validity. In any case, money is required for something, and it is the purpose for which money is loved “will endow it with credit or cover it with shame”\(^\text{36}\) He brings the heavy artillery of neo-classical theory of marginal utility developed by as he says “Cournot, Gossen, Walras, Menger and Jevons” to counter Russell’s position that it is all due to individual preference, and that people will give up things as soon as they have too much of anything. His books and papers are full of appropriate citations from the great contemporary economists, Irving Fisher, Alfred

\(^{36}\) Ambedkar B.R. “Speeches and Writings” Vol.I, p-483
Marshall, Richard Ely, Alfred Kemmerer, Allyn Young, and John Maynard Keynes to name a few.

Dr. Ambedkar was not content with the current corpus of thought because he had a tremendous historical sense because he was fully aware that present situation wears the scars of the past. In almost all his academic works, he employed the historical method. Whether it is the currency conundrums or public finance, Dr. Ambedkar digs deep in the bowels of history to understand the significance the events he was currently analyzing. It was analytical rather than the dialectical method he used though occasionally one does find a dialectical approach in his writings. Thus dealing with the need for legal solutions to social problems, he said: “Society is always conservative. It does not change unless it is compelled to and that too very slowly. When change begins, there is always a struggle between the old and the new, and the new is always in danger of being eliminated in the struggle for survival unless it is supported.” 37 However dialectics as a method of approaching any subject is absent in Ambedkar’s work.

### 5.6 The Evolution of Provincial Finance-

In many areas of Indian economic history, he was truly a pioneer and he faced all the problems that a pioneer faces as he pointed out in the preface of his The Evolution of Provincial Finance. Like Karl Marx some decades earlier, Ambedkar too pored over voluminous government reports and blue books to arrive at firm conclusions. Arising from his conscious use of history was his use of statistical data. Notwithstanding the various lacunae of the official data, he skillfully marshaled the available data and used whatever statistical techniques that was available at that time. The value of his conclusions is substantial precisely because his analysis was based on sound empirical and historical foundations.

37 Ambedkar B.R. “Writings and Speeches”, Vol.XII, p-115
He was deeply read in the history of economic thought which came in most useful in all his writing. Apart from that he was widely read in history, jurisprudence, literature and classics. All this shows in the remarkable clarity and style one sees in his books, papers, speeches and so on.

One cannot but marvel at the amount of writing he had accomplished and that too in pioneer areas and difficult subjects. And all these before he had crossed his 30 years. The range too is remarkable, from a disquisition on ancient Indian commerce to the current problems faced by the Indian rural population. In all his academic writings – as indeed in his later political life – he was never overawed by authority. If something warranted criticism, he did not hesitate to voice his opinion even if it meant going against the most acclaimed author of the age or his own teacher as in the case of Edwin Cannan. The criticism was always based on sound judgment, and never used in a spirit of bellicosity.

He himself was always impeccably dressed in western clothes, and chastised Mahatma Gandhi for going to the Round Table Conference in London to discuss political settlement “as though he was going to a Vaishnava shrine singing Narsi Mehta’s Songs.” His preference for a modernist approach comes most clearly when he compared Ranade and Gandhi: “In the age of Ranade the leaders struggled to modernize India. In the age of Gandhi the leaders are making her a living specimen of antiquity. In the age of Ranade leaders depended upon experience as a corrective method of their thought and their deeds. The leaders of the present age depend upon their inner voice as their guide. Not only is there a difference in their mental makeup, there is a difference even in their viewpoint regarding external appearance. The leaders of the old age took care to be well clad, while the leaders of the present age take pride in

38 Ambedkar B.R. “Writings and Speeches” Vol. I, p-351
being half-clad.” 39 But more importantly he believed in material progress, constitutional approach to solving problems, rule of law, right to property, civil liberties, democracy based on the liberty, equality and fraternity principles enunciated by the French Revolution. His extensive critique of the caste system is also based on enlightenment principles of economic efficiency through private initiative, individual liberties and human equality.

5.6.1 Dr. Ambedkar On Democracy And Individual Liberty

It is possible to construe from his later – especially in the 1940s – that he moved away from the strict mainstream economic theoretical position. It is no doubt true that he moved towards an economy based on state socialism where he proposed “state ownership in agriculture with a collectivized method of cultivation”, state ownership of industry, nationalization of insurance and so on. It was probably more due to functional reasons than any fundamental change in his enlightenment economic ideology, because he felt that private sector had not achieved growth and his rational mind told him that we should “put an obligation on the state to plan the economic life of the people on lines which would lead to highest point of productivity without closing every avenue to private enterprise, and also provide for the equitable distribution of wealth”.40 We must recollect that Ambedkar placed much value on democracy and individual liberty which he thought could be preserved by judicious state action. In a sense this conforms to the classic Smithian position. The causal chain that Adam Smith envisaged was that economic and social freedom/equality will propel the society towards political equality/freedom. And this is long lasting than the other way round where first you get political freedom and strive to achieve economic and social

40 Ambedkar B.R. “Writings and Speechs”, Vol I, p-408
equality/freedom. In almost all his writings, Ambedkar while fighting for political emancipation does not forget the need for social and economic reforms. Again it was Ambedkar’s strong belief in the primacy of rationally directed social and economic development that he advocated centralization of economic activities. Whether it is his signal achievements in formulating a coherent national water policy (done during his membership of Viceroy’s Council 1942-1946) as elaborated in a recent book Ambedkar’s Role in Economic Planning and Water Policy by Sukhadeo Thorat, or his helping to give a unitary bias to the Indian Constitution, Ambedkar’s anxiety was to promote economic and social development of the Indian nation as quickly as possible. Indian Constitution is more unitary than federal which in a sense is a reflection of Ambedkar’s long standing bias as he said in 1939 at the Gokhale School of Politics while delivering Kale Memorial Lecture: “I am not opposed to a Federal Form of Government. I confess I have a partiality for a unitary form of Government”.

This shows in his approach to economics, politics, law, society and everything else including the matter of sartorial habits.

This is not a place to involve myself in a controversy especially about Ambedkar’s writings after 1925. But frequently mention is made about Buddhism and Marx while discussing Ambedkar’s ideas. Obviously he was appreciative of the humanitarian and anti-exploitative sentiments that are in Buddhist and Marxian thought, but there is no evidence of them in his academic works. Even in later years when he did study Buddhism deeply in order to convert to that religion, his reading of Buddhist economics is at variance with that of others especially Schumacher, who in his Small Is Beautiful writes a substantial essay on Buddhist economics. There is more in common with the anti-modernist
Mahatma Gandhi rather than with the modernist Dr. Ambedkar. This shows his scholarship and vision in his book Buddha and His Dhamma. The economist in Dr. Ambedkar was very much alive.

After Independence, Dr. Ambedkar became the first Law Minister of India. Even while drafting the Indian Constitution (as the Chairman, Drafting Committee) in 1948-49, the economist in Dr. Ambedkar was very much alive.

5.6.2 Terms Of The Political Rights

He strongly recommended democracy as the 'governing principle of human relationship' but emphasized that principles of equality, liberty and fraternity which are the cornerstones of democracy should not be interpreted narrowly in terms of the political rights alone. He emphasized the social and economic dimensions of democracy and warned that political democracy cannot succeed when there is no social and economic democracy. He gave an expression to the objective of economic democracy by incorporating the Directive Principles of State Policy in the Indian Constitution.

5.7. Role of Agriculture In The Indian Economy

- **Share in national income:** Agriculture is India's big economy. Although the share of agriculture in the total national income has been gradually decreasing on account of development of the secondary and tertiary sectors it's contribution continues to be significant. IN 1950, the share of agriculture was 57% but it is only 26% now. The more developed a country is the lesser is the contribution of agriculture.

- **Source of employment:** Today almost 60% of the population depends directly or indirectly on agriculture. The greater independence of working population on agriculture indicates the

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underdevelopment of non-agricultural activities in the country.

- **Importance in industrial development:** Agriculture provides raw materials to pour leading industries such as cotton textiles and sugar industries. Not only this, the workers in industries depend on agriculture for their food. Agriculture also provides the market for a variety of goods.

- **Importance in international trade:** A number of the agricultural commodities like tea, coffee, spices and tobacco constitute our main items of exports. These amounted to almost 15% of our total exports. Hence agriculture provides foreign exchange which helps us to buy machines from abroad. It also maintains a balance of payments and makes our country self-sufficient.

- **Development of tertiary sector:** Tertiary sector provides helpful services to the industries and agriculture like banking, warehousing etc. Internal trade is mostly done in agricultural produce. For example, various means of transport get bulk of their business by the movement of agricultural goods.

- **Revenue to the government:** State government gets a major part of their revenue in terms of land revenue, irrigation charges, agricultural income tax etc. Central government also earns revenue from export duties on the agricultural production. Moreover our government can raise substantial revenue by imposing agricultural income tax. However this has not been possible due to some political reasons.

- **International Importance** Our agriculture has brought fame to the country. India enjoys first position in the world as far as the production of tea and groundnuts are concerned.

- **Internal Trade** Agriculture plays a important role in the internal
trade. It is because of the fact that 90% of our population spends 60% of their income on the purchase of the items like food, tea, milk etc.

The study of agrarian problems of Dr. Ambedkar was realistic and it was based on his field studies. It has been observed that “The real difficulty in adopting a better cropping pattern is that the farmer may not have the requisite capital to invest now or posses the know how that may be necessary for changing the crops.”

Dr. Ambedkar tried to uplift downtrodden community in India. The following includes the constitutional debate carried out during the formation of the constitution by the constituent assembly and our interpretation of it including quoted speeches.

In a socialistic aspect, the content of economic democracy is there although the label is not there in the constitution. The Resolutions passed during the constitutional debates, clearly rejected the then prevalent social structure, it rejected the social status quo. There can be no other meaning to the words used to refer to justice-- social, economic and political. The state of our society was believed to be based on justice, this being an invariable truth. It was estimated then that if our national income were to be divided into three equal thirds, 5 out of 100 Indians get one third of our national income, another 33 get second third and the big mass of 62 get the remaining portion. That surely is not social or economic justice and, therefore, resolutions were passed that would not tolerate the wide and gross inequalities which exist in our country, all in the name of justice. It would not tolerate the exploitation of a man's labor by somebody else. It certainly means that everyone who toils for the common good will get his fair share of the fruits of his labor. It also means that the people of this country, so far as any constitution can

42 Datt Gaurav and Mahajan Ashwani op cit, p-533
endow them, will get social security—the right to work or maintenance by
the Community. The Resolutions also provided for equality of
opportunity. Equality of opportunity, presupposes equal facilities in
education and in the development of the talent that is latent in every
individual. Equality of opportunity certainly assumes that every child in
this country, every boy and girl, will get an equal opportunity to develop
those faculties which he or she possesses in order contribute to the
common good. Passing of these resolutions in ways led to social
(covering topics like education, equality in society, etc.), economic
(economic distribution of wealth, labor concerns, etc.) and political
(voting rights, etc.)

This is part of the socialist aspect of the constitution. Any other
changes were left to be brought about by a properly constituted
Parliament when it comes into existence with the mandate of the people.
All that could be done by the assembly was to frame a constitution which
will allow those far-reaching changes which are necessary to be made and
the various Resolutions on justice go as far as they could in satisfying the
most ardent socialists.

It was believed that the presence of Socialism was there, so was
Democracy or the content of Democracy included in the Resolutions. As
Pandit Jawaharlal Nehru himself has stated; it is conceivable that a
Republic may not be democratic. If we cast our eyes around the globe to-
day, we shall see several instances of this and therefore, apart from saying
that we shall be a Republic, it is necessary that we should make it clear
that in our view Democracy does not mean a Police State, where the
Secret Police can arrest or liquidate people without trial. It does not mean
a totalitarian State where one party can seize power and keep opposition
parties suppressed and not give them the freedom to function freely and
with equal facilities. It cannot mean a Society or State where an
individual is made a robot or where is reduced to "a small screw in the big machine of State". Pandit Jawaharlal Nehru has pointed out that the constitution is based on Democracy, and that all our past bears witness to the fact that we stand for Democracy and for nothing less. Nehru pointed that Dr. Ambedkar successfully enacted the document under the stewardship of Ambedkar as the Chairman of the Drafting Committee.”

All this shows the utmost importance of justice and the way it has been put on a pedestal and enshrined. By not allowing a Police State, the existence of courts, of a form of righteousness and truth, came about and thus the possibility of a civil state and great democracy like ours was possible. And courts being synonymous with justice, it is the one virtue by which society as we know it has been formed.

There are so many provisions mentioned in the resolutions passed regarding justice and freedom,-social justice, justice in the economic and political, field, ensured to all. Political justice, no doubt, will mean that every community will get representation in the legislatures as well as in the administration of the country. Therefore, there need be no fear in the mind of any community that this Constituent Assembly will not look after their interests.

Then there is mention, there, of the freedom of thought, expression, belief, faith and worship. There was a propaganda made in this country by some parties that when there would be self-government in India, some religious faiths would not be allowed to propagate their faith. That turned out to be false propaganda, as we can see today. The Resolution regarding justice has declared that this will not be the case. There is a provision in the Constitution of India for the freedom of all religious faiths and for the propagation of those faiths according to their own desire. It speaks of association and action, subject to law and public

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morality. Public morality needs to be protected by Government and righteousness needs to be exalted. ‘Righteousness exalted a nation, but sin is a reproach to any people’.

5.7. 1 Constituent Assembly Debates Of India

There was one other minor point which formed the subject of criticism, viz., non-reference to groups in the Resolution of justice, by Dr. Ambedkar, who had made a most useful contribution to the debate by giving his unqualified support to a United India. A close examination of the Cabinet Mission's Statement pointed to the conclusion that the formation of groups is not an essential part of the constitutional structure. In the most material parts, the main recommendations are that there should be a Union of India dealing with certain subjects, whom all subjects other than the Union subjects and residuary powers should vest in the Provinces and in the States, the States being assimilated to the position of provinces tinder the Cabinet Mission Scheme. There is nothing in the terms of the Resolution to prevent Provinces from forming themselves into Groups as contemplated by the Cabinet Mission. There was a further comment as to the reference to 'justice, social, economic and political', being too thin. The expression 'justice, social, economic and political' while not committing the country and the Assembly to any particular form of polity coming under any specific designation, was intended to emphasize the fundamental aim of every democratic State in the present day. The Constitution framed contained the necessary elements of growth and adjustment needed for a progressive society. It was a Resolution setting out the main object of the Assembly, namely justice, and not a Preamble to a Statute merely.\textsuperscript{44} This shows the progressive attitude of the makers of the constitution.

\textsuperscript{44} Constituent Assembly Debates of India, Vol. I, p-9
It was believed that “Without embarking upon a meticulous examination of the different parts of the Resolution, what was important at those sessions must be proclaimed to the people and to the civilized world what is to be achieved. It has to be remembered that the main object of the Assembly was not the fashioning of a constitution of a Local Board, a District Board or making changes in the then prevalent constitution of this or that part of the country but to give concrete expression to the surging aspirations of a people yearning for freedom by framing a constitution for a free and independent India for the good of the people, one and all, of this great and historic land, irrespective of caste, class, community or creed, with a hoary civilization going back to several centuries. Equality is but also a face of justice in society itself.

The average woman in this country had suffered for centuries from inequalities heaped upon her by laws, customs and practices of people who had fallen from the heights of that civilization of which we are all so proud, and in praise of which Dr. Sir S. Radhakrishnan had always spoken. There were thousands of women then who were denied the ordinary human rights. They were put behind the purdah, secluded within the four walls of their homes, unable to move freely. The Indian woman had been reduced to such a state of helplessness that she had become an easy prey of those who wished to exploit the situation. In degrading women, man had degraded himself in fact still has. Where was there any justice in this, not only was it a grave violation of natural justice but also against humanity. By raising the status and rights of women, man will not only raise himself but raise the whole nation this was pre dominant belief then. Mahatma Gandhi's name had been invoked on the floor of the House on this issue several times. The great debt of gratitude that Indian women owe to Mahatma Gandhi for all that he has done for them was mentioned. In spite of all these grave injustices for centuries, privileges
had never before been asked for. What was finally asked for was ‘social justice, economic justice, and political justice’. They asked for that equality which could alone be the basis of mutual respect and understanding and without which, real co-operation was not possible between man and woman. Women formed, and still do; one half of the population of this country and, therefore, men could not and cannot go very far without the co-operation of women. This ancient land cannot attain its rightful place, its honored place in this world without the co-operation of women. Therefore the Resolution, to bring justice for women, for the great promise which it holds, was welcomed.

The Resolution before them dealt with problems which were fundamental to everyone and only to the extent that they were solved, could they safeguard the rights of any special minority. The Resolution indicated clearly that in an independent India the fullest social, economic and cultural justice to individuals and groups will be conceded and through their design for living, they shall be helping other nations to decide the pattern of their own lives. Their design must therefore be right and was to be made with the co-operation and strength of the entire country.

We have before us two aspects--the positive and the negative. The negative aspect is concerned with the ending of the imperialist domination of our country and in that we all agree. But the more important side to the question is the positive side, which means the building up in our country of a social democratic State which will enable India to fulfill her destiny and point the path of lasting peace and progress to the world. At this moment in our national history, we cannot afford to fritter away our energies in any talk or action which will defeat our objective, nor must we indulge in unreasoning fears. We must accept the
challenge that has been offered and marched together in order to realize the positive side of this picture.’

The end of the War had created many problems, difficult in themselves and made more complex by the fact that individual demands were placed before the interest of the whole that many nations, being still dependent, were unable to raise their voice in support or protest. It was during that period that they believed that India was in a position to contribute substantially to a solution of the present problems and also in maintaining peace and security in the world and a free India would become a power for the forces of progress. India’s contribution to the future was believed to be one of neutralization of political and social discontents and to that end they would work by the establishment of freedom in our own country and helping all those who strive for freedom in the world. Unless Asia came into her own the world could not function as a whole. A world which is divided into groups cannot be secure, even today, this truth applies. A famous American has said, "No nation can exist half slave and half free". The same applies to the world, since freedom is not divisible. It was a must for India to free herself socially, economically and then free others, and in the Resolution before them was found as an attempt to work towards that end.

All in the name of justice, it was believed that it was all very well to go back to their villages and to their friends and tell them that a resolution has been passed and that in future all their rights would be safeguarded and they should have no fears in regard to the future. But it was debated whether it would be enough if those people got the right to live, to have full employment, to gain their fundamental rights, if they were only told that they would be able to have their meetings, their conferences, their associations and various other civil liberties? Was it not necessary to enable them to create such conditions in life as should
enable them to enjoy these rights that were enumerated? It was a miserable fact that millions and millions of our countrymen were able to take advantage of the various liberties that were laid down, the various privileges, being thrown open for Everyone to enjoy, simply because they were not educated. Economically, they were oppressed and suppressed also, and socially, backward and down-trodden. For all these people, so many more things had to be done, may be for some time to come before they come to enjoy these rights and see the face of daylight and some justice. They needed props. They need a ladder by which they can reach on to the stage when it will be possible for them to come to appreciate the value of the rights that we are placing before them and enjoy them. To find a means is to fight and rise up against the injustices they suffered.

5.7.2 Justice And Equality To Minorities

Then aroused the issue of justice and equality to minorities. Who were the real minorities? now that was the question. Not the Hindus in the so-called Pakistan provinces, not the Sikhs, not even the Muslims. No, the real minorities were the masses of this country. These people were so depressed and oppressed and suppressed till now that they are not able to take advantage of the ordinary civil rights. To state an example, in those times, one goes to the tribal areas. According to law, their own traditional law, their tribal law, their lands cannot be alienated. Yet merchants used to go there, and in the so-called free market they were able to snatch their lands. Thus, even though the law goes against this snatching away of their lands, still the merchants were able to turn the tribal people into veritable slaves by various kinds of bonds, and make them hereditary bond-slaves. Moving to the ordinary villagers, there went the money-lender with his money and was able to get the villagers in his pocket. There was the land-lord himself the zamindar, and the mal-guzar and there were the various other people who were able to exploit
these poor villagers. There was no elementary education even among these people. These were the real minorities that needed protection and assurances of protection. In order to give them the necessary protection, the resolution was passed.

In framing the Constitution, it was then decided that there would be a charter of fundamental rights. This was one of the most insightful moments and even decades later its significance cannot be undermined. But even that was not believed to be enough. Several other countries also had their charters of fundamental rights. Yet these fundamental rights had been neglected by their own Governments. Therefore, they realized that they would have to stipulate certain provisions in the Constitution, by which it will be possible for the masses to invoke the aid of the law as against the State, as against the Government and its incumbents from time to time in order to see that these fundamental rights are actually enforced. Here came in courts, the keepers of justice. For instance, in France they had noble ideals of equality, fraternity and liberty, and they laid it down that no Member of Parliament could possibly be put in jail while the House was in session. Yet that right was denied. Several Deputies of the French Parliament were put in jail and there was no safeguard against it. In America, before the law all the people are equal, but yet you know how depressed were the Negroes in that country. A repetition of that sort of thing in our country had to be prevented. In order to be able to do that, they had to find machinery to enable their own workers, peasants and ordinary masses to demand from the State necessary financial assistance and to go to the Courts, the Supreme Court of the country and to seek its protection. Poor men, till then, were not able to go to Court, and when they had to fight against the State, it was impossible for them to think of it at all, it was just not a possibility. Just as the state provided for a poor man's lawyer in criminal cases, it was envisioned to make a similar
provision for enforcement by the ordinary masses of the fundamental rights formulated, so then there would be some safeguard.

The masses were the real minorities, and yet not asking for all these safeguards, and even when they did ask for the safeguards, they did not make it a condition precedent to constitutional progress. What is more, they cared more for the country, for national progress, above all. They stood by the constituent assembly, and religious minorities were encouraged to take a lesson from these people. Then arose the question, whom were they supposed to represent? But obviously, the ordinary masses of our country. The assembly members, though may not have belonged to the ordinary masses, they were there as their trustees, as their champions, and were trying their best to speak for them.

India had reached a stage where it is impossible for British imperialism to prevent her from making progress. British imperialism goes to the pitiable plight of trying to have some allies in order to arrest the progress--may be for a day, may be for a few minutes. But British imperialism would not succeed, and these allies of British Imperialism could not succeed. What had been the position of the Muslim League itself, one such ally? There was a time when Mr. Jinnah used to say that independence was a sort of mirage, that it was absurd for India to claim independence for India. He himself said that direct action was an absurdity, and himself come to claim independence for India, yet with time, he had eventually changed his very fundamental beliefs and declared himself in favor of independence. He had himself come to declare from the Muslim League rostrum the "Quit India" slogan, though he would like to have it, as "divide the country between us, and quit India." He at that point in history wanted two Constituent Assemblies, whereas not long before that, he was not prepared to think of any Constituent Assembly at all. The constituent assembly appealed to the
Muslim Leaguers, at least in the name of their own masses, to come into 
that House and co-operate with them, if not for their own vested interests, 
for their Nawabs, or for their Jagirdars. Only then could India be wholly 
and truly represented and justice could be granted to all citizens and laws 
formulated keeping them all in mind.

Mr. Jinnah and others had been claiming in that recent past that 
they were also as democratic as the Indian National Congress. This was 
grossly resented. Among the Hindus, good percentages were not poor, but 
among the Muslims, the rich people could be counted on fingers, 
according to the Constituent Assembly then. The poorest among the 
people were the Muslim masses. They needed most urgently a free India 
without which there was no chance for the Tribal people or for the 
Muslim Mazdoor or the Kisan, and, the longer Mr. Jinnah and others 
prolonged this agony of slavery, the longer they delayed the possibility 
of their own masses making any progress.

5.7.3 Constitution Social Economic And Political Justice To All The 
People

Various principles embodied in the resolutions were very attractive 
and desirable. In some way or other, they were present in the 
Constitutions of almost all the countries, but they are never practiced. 
And, therefore, it was well considered at length as to how they would 
translate these principles into action, and, when drafting the Constitution, 
would pay particular attention to it. It is stated that ‘the Constitution 
which will be drawn up and the State which will be established on the 
basis of that Constitution, will guarantee social economic and political 
justice to all the people.’ No doubt it sounded very good. But it was 
believed that the body, which was vested with power and authority, 
should interpret the term 'justice' in its own way. And if, in the country, 
the power and authority passed on to the capitalists, they would interpret
the term 'social, economic and political justice' in their own way. But, if, in reality the power and authority were vested in the people, their representatives would interpret it correctly. Therefore, it was found necessary to embody in the Constitution some such safeguards that the body vested with the power and authority may not interpret these principles in their own arbitrary way. To achieve this end there was assumed to be only one way. When the Constitution was framed, they would declare it beforehand that the constitution shall not be framed, and the State created under that Constitution should not be established on a capitalistic basis. If that was not done, the rulers, it was feared, might later on interpret the principles in their own arbitrary way, thereby giving way for injustice to the people and might be against the best interests of the people.45

5.8 Constituent Assembly Debates

The CA had to discuss the issue of secularism in the bloody aftermath of the partition, if a young India had to survive, the CA had to ensure that something like the partition would never be repeated. Therefore, for a democratic India, secularism was considered to be necessary fait accompli. However, when the preamble to the Constitution was discussed in the Assembly in October 1949, disagreement and acrimonious debate over the inclusion of the principle of secularism took up most of the assembly’s time. The first debate that ensued was when H.V. Kamath moved an amendment to begin the preamble by the phrase, “In the name of god.” Rajendra Prasad argued that this amendment would be against the spirit of religious freedom of the Constitution and that religion was a matter of Individual choice and in this matter the collective will should not be imposed. Kamath’s motion was defeated by a narrow margin of 68 to 41. Strangely enough, Bajeshwar Prasad’s motion to

45 http://www.parliamentofIndia.nic.in/
include the word secular in the Constitution was not even debated properly.\textsuperscript{46} (The word was later to be included in the Preamble by the 42\textsuperscript{nd} Amendment in 1976.)

On the vexed question of the Uniform Civil Code, Ambedkar’s and Munshi’s draft articles of March 1947 on justiciable rights contained clauses referring to a UCC. However the Fundamental Rights Sub-Committee had decided to make the UCC a Directive Principle. This decision of the Committee was opposed by many, foremost amongst them being Rajkumari Amrit Kaur who believed that one of the main causes of India’s backwardness were personal laws that governed many aspects of life. There were others however who were against the idea of a Uniform Civil Code and some members advocated the right to one’s personal law as a part of the right to freedom. An intermediate position suggested was that the establishment of the Uniform Civil Code must be done slowly, with the consent of all communities. This of course proved to be pipe dream, the UCC is today an impossibility to achieve.\textsuperscript{47}

In a socialistic aspect, the content of economic democracy is there although the label is not there in the constitution. The 'Resolutions passed during the constitutional debates, clearly rejected the then prevalent social structure, it rejected the social status quo. There can be no other meaning to the words used to refer to justice-- social, economic and political. The state of our society was believed to be based on justice, this being an invariable truth. It was estimated then that if our national income were to be divided into three equal thirds, 5 out of 100 Indians get one third of our national income, another 33 get second third and the big mass of 62 get the remaining portion. That surely is not social or economic justice and, therefore, resolutions were passed that would not tolerate the wide

\textsuperscript{46} Constituent Assembly Debate, October 1949
\textsuperscript{47} Constituent Assembly Debate, March 1947
and gross inequalities which exist in our country, all in the name of justice. It would not tolerate the exploitation of a man's labor by somebody else. It certainly means that everyone who toils for the common good will get his fair share of the fruits of his labor. It also means that the people of this country, so far as any constitution can endow them, will get social security--the right to work or maintenance by the Community. The Resolutions also provided for equality of opportunity. Equality of opportunity, presupposes equal facilities in education and in the development of the talent that is latent in every individual. Equality of opportunity certainly assumes that every child in this country, every boy and girl, will get an equal opportunity to develop those faculties which he or she possesses in order contribute to the common good. Passing of these resolutions in ways led to social (covering topics like education, equality in society, etc.), economic (economic distribution of wealth, labor concerns, etc.) and political (voting rights, etc.)

This is part of the socialist aspect of the constitution. Any other changes were left to be brought about by a properly constituted Parliament when it comes into existence with the mandate of the people. All that could be done by the assembly was to frame a constitution which will allow those far-reaching changes which are necessary to be made and the various Resolutions on justice go as far as they could in satisfying the most ardent socialists.

It was believed that the presence of Socialism was there, so was Democracy or the content of Democracy included in the Resolutions. As Pandit Jawaharlal Nehru himself has stated; it is conceivable that a Republic may not be democratic. If we cast our eyes around the globe today, we shall see several instances of this and therefore, apart from saying that we shall be a Republic, it is necessary that we should make it clear
that in our view Democracy does not mean a Police State, where the Secret Police can arrest or liquidate people without trial. It does not mean a totalitarian State where one party can seize power and keep opposition parties suppressed and not give them the freedom to function freely and with equal facilities. It cannot mean a Society or State where an individual is made a robot or where is reduced to "a small screw in the big machine of State". Pandit Jawaharlal Nehru has pointed out that the constitution is based on Democracy, and that all our past bears witness to the fact that we stand for Democracy and for nothing less. All this shows the utmost importance of justice and the way it has been put on a pedestal and enshrined. By not allowing a Police State, the existence of courts, of a form of righteousness and truth, came about and thus the possibility of a civil state and great democracy like ours was possible. And courts being synonymous with justice, it is the one virtue by which society as we know it has been formed.

There are so many provisions mentioned in the resolutions passed regarding justice and freedom,-social justice, justice in the economic and political, field, ensured to all. Political justice, no doubt, will mean that every community will get representation in the legislatures as well as in the administration of the country. Therefore, there need be no fear in the mind of any community that this Constituent Assembly will not look after their interests.

Viscount Simon has said that the Constituent Assembly, if it carries on the work of framing a constitution for India, will "threaten" India "with a Hindu Raj". But the very virtue of social justice and equality to all did not let that happen. The people who were assembled there,-whether Hindus, Muslims, or Christians, or whatever other religion they may profess--if they framed a constitution which will be a democratic constitution, which will do justice to everybody, why should
that constitution be called a Hindu Raj. And if by 'Hindu' is meant people who live in India, surely the constitution is for the people of India. That is exactly what was wanted: they wanted a constitution to be made by the people of India, but if some people in India did not want to come into the constitution, they would come afterwards and it was envisaged a time when they will all enter into this constitution and make India one country-one united country,-with a democratic form of government, all this possibility on a certain justice done to every citizen.

There was one other minor point, which formed the subject of criticism, viz., non-reference to groups in the Resolution of justice, by Dr. Ambedkar, who had made a most useful contribution to the debate by giving his unqualified support to a United India. A close examination of the Cabinet Mission's Statement pointed to the conclusion that the formation of groups is not an essential part of the constitutional structure. In the most material parts, the main recommendations are that there should be a Union of India dealing with certain subjects, whom all subjects other than the Union subjects and residuary powers should vest in the Provinces and in the States, the States being assimilated to the position of provinces tinder the Cabinet Mission Scheme. There is nothing in the terms of the Resolution to prevent Provinces from forming themselves into Groups as contemplated by the Cabinet Mission. There was a further comment as to the reference to 'justice, social, economic and political', being too thin. The expression 'justice, social, economic and political' while not committing the country and the Assembly to any particular form of polity coming under any specific designation, was intended to emphasize the fundamental aim of every democratic State in the present day. The Constitution framed contained the necessary elements of growth and adjustment needed for a progressive society. It
was a Resolution setting out the main object of the Assembly, namely justice, and not a Preamble to a Statute merely.

It was believed that “Without embarking upon a meticulous examination of the different parts of the Resolution, what was important at those sessions must be proclaimed to the people and to the civilized world what is to be achieved. It has to be remembered that the main object of the Assembly was not the fashioning of a constitution of a Local Board, a District Board or making changes in the then prevalent constitution of this or that part of the country but to give concrete expression to the surging aspirations of a people yearning for freedom by framing a constitution for a free and independent India for the good of the people, one and all, of this great and historic land, irrespective of caste, class, community or creed, with a hoary civilization going back to several centuries. Equality is but also a face of justice in society itself.

The average woman in this country had suffered for centuries from inequalities heaped upon her by laws, customs and practices of people who had fallen from the heights of that civilization of which we are all so proud, and in praise of which Dr. Sir S. Radhakrishnan had always spoken. There were thousands of women then who were denied the ordinary human rights. They were put behind the purdah, secluded within the four walls of their homes, unable to move freely. What was finally asked for was ‘social justice, economic justice, and political justice’. They asked for that equality which could alone be the basis of mutual respect and understanding and without which, real co-operation was not possible between man and woman. Women formed, and still do; one half of the population of this country and, therefore, men could not and cannot go very far without the co-operation of women. This ancient land cannot attain its rightful place, its honored place in this world without the co-operation of women. Therefore the Resolution, to bring justice for
women, for the great promise which it holds, was welcomed. Dr. Ambedkar believed that morality is the essence of Dhamma, and without it there is no Dhamma. Morality is the Dhamma arises from the direct necessity for man to love man.” 48 The gender equality has been thus upheld by Dr. Ambedkar both in theory and practice.

The Resolution before them dealt with problems which were fundamental to everyone and only to the extent that they were solved, could they safeguard the rights of any special minority. The Resolution indicated clearly that in an independent India the fullest social, economic and cultural justice to individuals and groups will be conceded and through their design for living, they shall be helping other nations to decide the pattern of their own lives. Their design must therefore be right and was to be made with the co-operation and strength of the entire country.

We have before us two aspects--the positive and the negative. The negative aspect is concerned with the ending of the imperialist domination of our country and in that we all agree. But the more important side to the question is the positive side, which means the building up in our country of a social democratic State which will enable India to fulfill her destiny and point the path of lasting peace and progress to the world. At this moment in our national history, we cannot afford to fritter away our energies in any talk or action which will defeat our objective, nor must we indulge in unreasoning fears. We must accept the challenge that has been offered and march together in order to realize the positive side of this picture.’ Rao and Prasad have quoted Dr. Ambedkar in this manner “We must make out political democracy a social

48 Jatava D.R. “ op cit., P-39
democracy as well. Political democracy cannot last unless there lies at the base of it social democracy."

The end of the War had created many problems, difficult in themselves and made more complex by the fact that individual demands were placed before the interest of the whole; that many nations, being still dependent, were unable to raise their voice in support or protest. It was during that period that they believed that India was in a position to contribute substantially to a solution of the present problems and also in maintaining peace and security in the world and a free India would become a power for the forces of progress. India’s contribution to the future was believed to be one of neutralization of political and social discontents and to that end, they would work by the establishment of freedom in our own country and helping all those who strive for freedom in the world. Unless Asia came into her own, the world could not function as a whole. A world which is divided into groups cannot be secure, even today, this truth applies. A famous American has said, "No nation can exist half slave and half free". The same applies to the world, since freedom is not divisible. It was a must for India to free herself socially, economically and then free others, and in the Resolution before them was found as an attempt to work towards that end. Rao has observed that “Generation of justice in society often requires strong governance, a powerful and progressive administration.” and then only civil liberty can be protected.

There was another aspect in which the mentioned Resolutions were very much in advance. While in other constitutions, no specific mention had been made to assure the people the right of freedom of action in pursuance of their ideals, in pursuit of their aims, this Resolution made it

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49 Rao Chandrasekhara RVR and V.S. Prasad, op cit., p-76
50 Ibid., p-34
perfectly clear that the people would have the right to act whenever they found it necessary, provided such action is within the law and also in conformity with the moral standards of the people. That is a very important matter, because from time to time, both in this country and in other countries, governments used to come forward to deny the right of the people to rebel against any particular law, any particular ordinance, nay particular dictate of that particular government, and threatened the people and fold them that they had absolutely no right whatsoever to go against the established law. But, while political philosophers were merely content in other countries, philosophers like Harold Laski and others, with exhorting the people to be ever ready to stand up to their rights, their obligations and civil liberties, here in India alone, the opportunity has been given--thanks to the leadership of Dr Ambedkar to offer satyagraha on a mass scale and to claim that right not only for large bodies of people, organized and unorganized, but also for individuals. Again and again, Indians had been able to reiterate the right to rise against injustices to go against any particular law or system of laws and thus maintain that only in that way can the civil liberties of the people and also all their personal and individual rights be maintained. The State as well as human beings is liable to err and there must be some safeguard against their mistakes, and the only safeguard that would be found would be constitutional safeguard.

All in the name of justice, it was believed that it was all very well to go back to their villages and to their friends and tell them that a resolution has been passed and that in future all their rights would be safeguarded and they should have no fears in regard to the future. But it was debated whether it would be enough if those people got the right to live, to have full employment, to gain their fundamental rights, if they were only told that they would be able to have their meetings, their
conferences, their associations and various other civil liberties? Was it not necessary to enable them to create such conditions in life as should enable them to enjoy these rights that were enumerated. It was a miserable fact that millions and millions of our countrymen were able to take advantage of the various liberties that were laid down, the various privileges, being thrown open for everyone to enjoy, simply because they were not educated. Economically, they were oppressed and suppressed also, and socially, backward and down-trodden. For all these people, so many more things had to be done, may be for some time to come before they come to enjoy these rights and see the face of daylight and some justice. They needed props. They need a ladder by which they can reach on to the stage when it will be possible for them to come to appreciate the value of the rights that we are placing before them and enjoy them. To find a means to fight and rise up against the injustices they suffered. It has been observed that “In translating the rights guaranteed in the constitution into a program of action which would be considered necessary for giving substance to those rights.”

Then the issue of justice and equality to minorities came up who were the real minorities, now that was the question. Not the Hindus in the so-called Pakistan provinces, not the Sikhs, not even the Muslims. No, the real minorities were the masses of this country. These people were so depressed and oppressed and suppressed till now that they are not able to take advantage of the ordinary civil rights. To state an example, in those times, one goes to the tribal areas. According to law, their own traditional law, their tribal law, their lands cannot be alienated. Yet merchants used to go there, and in the so-called free market they were able to snatch their lands. Thus, even though the law goes against this snatching away of their lands, still the merchants were able to turn the

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51 Rao, op cit., p-59
tribal people into veritable slaves by various kinds of bonds, and make them hereditary bond-slaves. Moving to the ordinary villagers, there went the money-lender with his money and was able to get the villagers in his pocket. There was the land-lord himself, the zamindar, and the mal-guzar and there were the various other people who were able to exploit these poor villagers. There was no elementary education even among these people. These were the real minorities that needed protection and assurances of protection. In order to give them the necessary protection, the resolution was passed.

5.9 Fundamental Rights

In framing the Constitution, it was then decided that there would be a charter of fundamental rights. This was one of the most insightful moments and even decades later its significance cannot be undermined. But even that was not believed to be enough. Several other countries also had their charters of fundamental rights. Yet these fundamental rights had been neglected by their own Governments. Therefore, they realized that they would have to stipulate certain provisions in the Constitution, by which it will be possible for the masses to invoke the aid of the law as against the State, as against the Government and its incumbents from time to time in order to see that these fundamental rights are actually enforced. Here came in courts, the keepers of justice. For instance, in France they had noble ideals of equality, fraternity and liberty, and they laid it down that no Member of Parliament could possibly be put in jail while the House was in session. Yet that right was denied. Several Deputies of the French Parliament were put in jail and there was no safeguard against it. In America, before the law all the people are equal, but yet you know how depressed were the Negroes in that country. A repetition of that sort of thing in our country had to be prevented. In order to be able to do that, they had to find machinery to enable their own workers, peasants and
ordinary masses to demand from the State necessary financial assistance and to go to the Courts, the Supreme Court of the country and to seek its protection. Poor men, till then, were not able to go to Court, and when they had to fight against the State, it was impossible for them to think of it at all, it was just not a possibility. Just as the state provided for a poor man's lawyer in criminal cases, it was envisioned to make a similar provision for enforcement by the ordinary masses of the fundamental rights formulated, so then there would be some safeguard.

The masses were the real minorities, and yet not asking for all these safeguards, and even when they did ask for the safeguards, they did not make it a condition precedent to constitutional progress. What is more, they cared more for the country, for national progress, above all. They stood by the constituent assembly, and religious minorities were encouraged to take a lesson from these people. Then arose the question, Whom were they supposed to represent? But obviously, the ordinary masses of our country. The assembly members, though may not have belonged to the ordinary masses, they were there as their trustees, as their champions, and were trying their best to speak for them.

A resolution was introduced so that the necessary provisions were made in the Constitution proper, in order to enable the people to enjoy the various rights indicated therein. Without such provisions, various resolutions will have become useless. It would otherwise only be a sort of pious hope and nothing more. It was true that, when it came to be incorporated in text-books and boys and girls read them in their lessons, it would do a lot of educational work. But that would not be enough. Similar work was done in America and yet the ordinary rights of the people were set at naught by the Government. Therefore care was taken to incorporate the necessary sanctions in the Constitution in order to
safeguard the interests of the masses and to ensure to them the necessary opportunities which were needed to enable them to enjoy these rights.

Various principles embodied in the resolutions were very attractive and desirable. In some way or other, they were present in the Constitutions of almost all the countries, but they are never practiced. And, therefore, it was well considered at length as to how they would translate these principles into action, and, when drafting the Constitution, would pay particular attention to it. It is stated that ‘the Constitution which will be drawn up and the State which will be established on the basis of that Constitution, will guarantee social economic and political justice to all the people.’ No doubt it sounded very good. But it was believed that the body, which was vested with power and authority, shall interpret the term 'justice' in its own way. And if, in the country, the power and authority passed on to the capitalists, they would interpret the term 'social, economic and political justice' in their own way. But, if, in reality the power and authority were vested in the people, their representatives would interpret it correctly. Therefore, it was found necessary to embody in the Constitution some such safeguards that the body vested with the power and authority may not interpret these principles in their own arbitrary way. To achieve this end there was assumed to be only one way. When the Constitution was framed, they would declare it beforehand that the constitution shall not be framed, and the State created under that Constitution shall not be established on a capitalistic basis. If that was not done, the rulers, it was feared, might later on interpret the principles in their own arbitrary way, thereby giving way for injustice to the people and might be against the best interests of the people.52

52 [http://www.parliamentofindia.nic.in/](http://www.parliamentofindia.nic.in/)
The constitutional provisions provided by Dr. Ambedkar for socio-economic development of downtrodden peoples and weaker section. The Constitution Amendment Bill to provide reservation for SC/STs in job promotions. The government to bring the quota bill for SC/ST, on Thursday slammed Congress for not doing any such thing because of which condition of these communities deteriorated.

Advocating the need for promoting SC/ST communities, the same time an impression is being created that BSP is opposed to quota in promotion to those from backward classes.

Stressing that SC/ST data in jobs portrayed a dismal picture, she said Babasaheb Bhimrao Ambedkar had struggled much to get justice for these communities but many impediments have now crept into providing quota to these communities and a Constitution amendment is needed.

There were legal provisions through which Centre and states could provide adequate representation to these communities.

The view of Dr. Ambedkar behind inclusion of special provisions in the constitution was to uplift the Scheduled Castes and the Scheduled Tribes, weaker section and downtrodden community. All the bills passed by the parliament are constitutional. About the complex situation revealing in India, Dr. Ambedkar alerted that “we are going to enter into a life of contradictions. In politics we will have equality and in social and economic life we will have inequality.” 53 In order to bring awareness about these facts, we have to develop program of action to remove these contradictions. Dr. Ambedkar pointed that “We must remove this contradiction at the earliest possible moment or else those who suffer from inequality will blow up the structure of political democracy which

53 Ibid., p-76
this Assembly has so laboriously built up.” 54 Then only disparity can be removed.

5.9.1 The Scheduled Castes And The Scheduled Tribes, (reservation in posts and services) Bill, 2008 (as passed by the rajya sabha)

A Bill to provide for reservation of appointments or posts in civil services for members of the Scheduled Castes and the Scheduled Tribes in establishments and for matters connected therewith or incidental thereto. About recent moves Rao has observed that “A permanent civil service is by definition expected to be a non political service e. When we say that any appointment is political appointment we do not mean that the person so appointed is necessarily a politician.” 55 The right following of reservation policy, can avoid politicization of civil services. Be it enacted by Parliament in the Fifty-ninth Year of the Republic of India as follows:—

(1) This Act may be called the Scheduled Castes and the Scheduled Tribes (Reservation in Posts and Services) Act, 2008.
(2) It shall apply to every establishment.
(3) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

2. In this Act, unless the context otherwise requires,—
(a) “appointing authority”, in relation to a service or post in an establishment, means the authority empowered to make appointment to such service or post;
(b) “establishment” means every establishment owned, established, controlled, managed or financed by the Government and includes—

55 Rao, s paper read at seminar on De-politicisation, New Delhi, No. 309, September 1985.
(i) a Ministry or department or subordinate office or attached office of the Government;\textsuperscript{56}

5.9.2 Bill No. Women's Reservation Bill: Introduction Of Women's Reservation Bill

The question of a women's quota in India is distinct from any other nation because the Constitution of India has already provided for quotas for the 'Scheduled Castes' (SCs) formerly untouchable castes in the Hindu community and the 'Scheduled Tribes' (STs). It has provisions for similar measures for the socially and educationally backward classes now termed as the 'Other Backward Classes' (OBCs). These quotas are for admissions to educational institutions, public sector employment and political representation\textsuperscript{57}.

5.9.3 The Protection Of Women Against Sexual Harassment At Work Place Bill, 2010

The Bill lays down the definition of sexual harassment and seeks to provide a mechanism for redressing complaints. It provides for the constitution of an ‘Internal Complaints Committee’ at the work place and a ‘Local Complaints Committee’ at the district and block levels. A District Officer (District Collector or Deputy Collector), shall be responsible for facilitating and monitoring the activities under the Act.

5.9.4 Highlights of the Bill

- The Bill defines sexual harassment at the work place and creates a mechanism for redressal of complaints. It also provides safeguards against false or malicious charges.

\textsuperscript{56} Reservation in Posts and services bill 2008 as passed by the Rajya Sabha
\textsuperscript{57} \url{http://www.ukessays.com/essays/human-rights/womens-reservation-bill.php#ixzz2FaduqR8GLXXIV-C} of 2008
• Every employer is required to constitute an Internal Complaints Committee at each office or branch with 10 or more employees. The District Officer is required to constitute a Local Complaints Committee at each district, and if required at the block level.

• The Complaints Committees have the powers of civil courts for gathering evidence.

• The Complaints Committees are required to provide for conciliation before initiating an inquiry, if requested by the complainant.

• Penalties have been prescribed for employers. Non-compliance with the provisions of the Act shall be punishable with a fine of up to Rs 50,000. Repeated violations may lead to higher penalties and cancellation of license or registration to conduct business.

5.9.5 Key Issues and Analysis

• There could be feasibility issues in establishing an Internal Complaints Committee at every branch or office with 10 or more employees.

• The Internal Complaints Committee has been given the powers of a civil court. However, it does not require members with a legal background nor are there any provisions for legal training.

• The Bill provides for action against the complainant in case of a false or malicious complaint. This could deter victims from filing complaints.

• Two different bodies are called ‘Local Complaints Committee’. The Bill does not clearly demarcate the jurisdiction, composition and functions of these Committees.

• Cases of sexual harassment of domestic workers have been specifically excluded from the purview of the Bill.
• Unlike sexual harassment legislation in many other countries, this Bill does not provide protection to men.

Ambedkar is routinely portrayed as an intellectual who wrote against capitalism and free markets, and advocated socialism, a few well-informed writers like Gail Omvedt have claimed otherwise. Ironically one of the reasons for the prevailing misconception is the volume of Ambedkar’s scholarly output. With contributions in political science, sociology, law, and other fields spanning over four decades, much of his work on economics has been neglected.

This meant that the academic community in India did not go on to develop Ambedkar’s ideas on economics, some of which anticipated important threads of 20th century Western economic thought, like “economic and political decision making in an environment of dispersed knowledge” and “alternative monetary systems (and the) denationalized production of money”. Ambedkar wrote extensively on finance, monetary economics, banking systems, and interstate financial relations.

5.9.6 12th Five Year Plan India Draft – 2012-2017: By Editorial Team On September 20, 2011 •

The Planning Commission last month released the draft of its approach for the 12th five year plan and is now inviting feedback from various stakeholders. The Draft Approach Paper for the Twelfth Five Year Plan 2012-2017 was made available to the public in August 2011.

5.9.7 Public Feedback and Discussion on Approach to 12th Five Year Plan

The Twelfth Five Year Plan will commence in the financial year 2012-13. However before the final Plan is unveiled, the Planning Commission normally prepares an Approach Paper which presents a broad outline, major targets and the key challenges in meeting them.
To develop an inclusive and participative approach to this process, the Planning Commission has decided that the Approach Paper will be evolved this time through a web based consultative process in which all interested persons can participate.

**5.9.8 Planning Commission 12th Five Year Plan Period – 2012 -2017**

Based on an intensive process within the Planning Commission, the following” Twelve Strategy Challenges” have been identified to initiate the consultations. The “strategy challenges” refer to some core areas that require new approaches to produce the desired results.

1. **Enhancing the Capacity for Growth**

   Today, India can sustain a GDP growth of 8 percent a year. Increasing this to 9 or 10 percent will need more mobilization of investment resources; better allocation of these resources through more efficient capital markets; higher investment in infrastructure through both public and PPP routes; and more efficient use of public resources.

2. **Enhancing Skills and Faster Generation of Employment**

   It is believed that India’s economic growth is not generating enough jobs or livelihood opportunities. At the same time, many sectors face manpower shortages. To address both, we need to improve our education and training systems; create efficient and accessible labor markets for all skill categories; and encourage the faster growth of small and micro enterprises.

3. **Managing the Environment**

   Environmental and ecological degradation has serious global and local implications, especially for the most vulnerable citizens of our country. How can we encourage responsible behavior, without compromising on our developmental needs?
4. **Markets for Efficiency and Inclusion**

Open, integrated, and well-regulated markets for land, labor, and capital and for goods and services are essential for growth, inclusion, and sustainability. We have many sectors where markets are non-existent or incomplete, especially those which are dominated by public provisioning. How do we create or improve markets in all sectors?

5. **Decentralization, Empowerment and Information**

Greater and more informed participation of all citizens in decision-making, enforcing accountability, exercising their rights and entitlements; and determining the course of their lives is central to faster growth, inclusion, and sustainability. How can we best promote the capabilities of all Indians, especially the most disadvantaged, to achieve this end?

6. **Technology and Innovation**

Technological and organizational innovation is the key to higher productivity and competitiveness. How can we encourage and incentivize innovation and their diffusion in academia and government as well as in enterprises of all sizes.

7. **Securing the Energy Future for India**

Faster and more inclusive growth will require a rapid increase in energy consumption. Since we have limited domestic resources, how can we meet this need equitably and affordably without compromising on our environment?

8. **Accelerated Development of Transport Infrastructure**

Our inadequate transport infrastructure results in lower efficiency and productivity; higher transaction costs; and insufficient access to our large national market. How can we create an efficient and widespread multi-modal transport network?
9. **Rural Transformation and Sustained Growth of Agriculture**

   Rural India suffers from poor infrastructure and inadequate amenities. Low agricultural growth perpetuates food and nutritional insecurities, which also reduces rural incomes. How can we encourage and support our villages in improving their living and livelihood conditions in innovative ways?

10. **Managing Urbanization**

   Most of our metros and cities are under severe stress with inadequate social and physical infrastructure coupled with worsening pollution. Migration pressures are likely to increase. How do we make our cities more livable? What can we do today to ensure that smaller cities and towns are not similarly overwhelmed tomorrow?

11. **Improved Access to Quality Education**

   Educational and training facilities have been increasing rapidly. However, access, affordability, and quality remain serious concerns. Employability is also an issue. How can we improve the quality and the utility of our education, while ensuring equity and affordability?

12. **Better Preventive and Curative Health Care**

   India’s health indicators are not improving as fast as other socio-economic indicators. Good healthcare is perceived to be either unavailable or unaffordable. How can we improve healthcare conditions, both curative and preventive, especially relating to women and children?

5.9.9 **A Different Poverty Trap**

   The Planning Commission in Sample Survey by National Sample Survey Organization Public Doman stated that 7% point’s reduction in national incidence of poverty between 2004-05 and 2009-2010 and it speaks as a UPA Government’s achievement and shows Rs.28.35 and Rs.22.42 in urban and rural areas respectively is the daily consumption
expenditure on which these estimates are based. An Affidavit has been
filed in the Hon’ble Supreme Court that urban area Rs.26.00 in rural
area in 2010-11 would serve as a benchmark to define those who would
be treated as being below or above the poverty line.

It was not at all digestible and several by ways it was attacked on
account of said statements.

It initially presented as the benchmark to determine who would or
would not be eligible for access to a range of state subsidies and benefits.
Having come under attack for excluding much of the poor, the
government had to retract. It held that eligibility for state support would
be determined using a different methodology with data collected by a
Socio economic and Caste Census (SECC). That exercise is nowhere
near complete. The official poverty line has a sanctity derived from its
role in identifying “below poverty line” beneficiaries. That ‘line’ is
however, controversial. It was meant to identify those with an average
daily per capita calorie intake below 2400 calories in rural areas and 2100
calories in urban areas. But the result underestimated severe deprivation
and was far below the figure yielded by the direct evidence on per capita
calorie intake. So the Tendulkar Committee used a set or arbitrary
principles to arrive at a new poverty benchmark that would be more
“inclusive”. But even that figure is now seen as absurdly low. In the
event, the government is caught in a statistical trap over poverty. It
would do well, therefore, to give up its effort to find a benchmark for
targeting its flagship social programs and opt for universalization, which
has much else to recommend it as a principle. The poverty estimate
would then not matter much.

It is well sufficient by the said editorial that the figures were far
below as on account of directive done on per capita caloric intake. The
political parties for a measurement can be appreciated to some extent to
mobilize the Planning Commission and National Sample Survey Organization but it is a very unfortunate example that on account of measurement of poverty line such stand was placed by Planning Commission on account of Government.

It is pertinent to note that the Government with a view to reconsider came down and Government decided to constitute a committee and review within 3 months. It was very shameful for a democratic country like India that the Chairman of Commission was asked to be terminated.

Not only up that extent but the Government was now trying to come with a new definition of poverty line and on the said purpose few cartoons were also published and the stand of the Government can be placed by virtue of it. For only one reference not for any other purpose on account of research the said Cartoon is placed below :-

5.9.10 Cartoon (from Hindu dated 22.3.2012) – two cartoons…..

It is very necessary to see the vision of Dr. Ambedkar as being of very practical then only by the means of steps the poverty line go away not by way of Montek Singh Walia, Dy. Chairman, Planning Commission becomes very necessary to look into in furtherance the persons who are going to be appointed in future they will not be appointed with a tender as like to be prepared one but while appointing persons to be taken on account of their practical approach so in furtherance there may not be laugh on poverty line.

One of the members and Parliamentarian Sharad Yadav sought the removal of Mr. Walia from Planning Commission.

The Planning Commission had no choice. The results of the 2009-10 edition of the five-yearly large sample survey of consumption by the National Sample Survey Organisation are in the public domain. So it had to release the official estimates of poverty that are based on them. They
point to a seven-percentage-points reduction in the national incidence of poverty between 2004-05 and 2009-10. Public attention is focused on the fact that the “poverty lines” on which these estimates are based appear ridiculously low: a per capita daily consumption expenditure of Rs. 28.35 and Rs. 22.42 in urban and rural areas respectively. This is not a mere statistical issue. That line was also initially presented as the benchmark to determine who would or would not be eligible for access to a range of state subsidies and benefits. It held that eligibility for state support would be determined using a different methodology with data collected by a Socio-Economic and Caste Census. The official poverty line has a sanctity derived from its role in identifying “below poverty line” beneficiaries. That ‘line’ is, however, controversial. It was meant to identify those with an average daily per capita calorie intake below 2400 calories in rural areas and 2100 calories in urban areas. In the event, the government is caught in a statistical trap over poverty. It would do well, therefore, to give up its effort to find a benchmark for targeting its flagship social programmes and opt for universalisation, which has much else to recommend it as a principle. The poverty estimate would then not matter much.58

The Planning Commission’s claim in its March 19 report that poverty has declined in the country by 7.3 per cent is totally unacceptable, the Planning Commission to obfuscate data so as to justify the exclusion of a large number of the poor and deny them the benefits of anti-poverty and welfare schemes. Women from the underprivileged and marginalised sections of society were being particularly affected because their poverty was being deliberately made invisible, as a result of which they were unable to access many schemes meant for them, “It is shocking that despite widespread protests from all quarters about the absolutely

58 The Hindu Thursday, March 22, 2012, Page 12, Editorial, Chennai Editions
unrealistic poverty lines being used for poverty estimation, the Planning Commission has once again used such faulty data to argue that poverty has declined. It is also not clear how the poverty lines, which, according to the affidavit filed by the government in the Supreme Court in September 2011 were around Rs. 26 per person per day [rural] and Rs. 32 per person per day [urban] have now suddenly been brought down to Rs. 22 and Rs. 28 [estimated from the monthly per capita poverty line mentioned in the recent note]. It has to be reiterate that all these lines are actually “destitution” lines and do not reflect the reality of people's daily lives,”

National poverty line of Rs. 22.40 per day for an adult in rural areas and Rs. 28.65 per day for an adult in urban areas in 2009-10. Anyone spending more than this is being categorised non-poor. On the basis of these flawed figures, the Planning Commission claims that the proportion of below poverty line (BPL) persons has gone down by 7 per cent between 2004-05 and 2009-10.

“This shows the huge gap between the members of the Planning Commission and the reality lived by crores of people in this country who have been burdened by relentless price rise amid meagre incomes. It hardly needs to be stated that these are destitution lines and it is a shame that an institution chaired by the Prime Minister should produce such absurd figures,” the statement said. It said what was “shocking” is that even with these gross under-estimates, large proportions of our population are shown to continue living in destitution.

The recently released Household Amenities and Assets Census 2011, it said the figures show the extent of poverty in different spheres in India. It has to be consider the Planning Commission's poverty estimates to be a “dishonest attempt” to conceal the reality of glaring inequalities and increasing poverty in India. Montek Singh says he is willing to revise
poverty estimates on the basis of expert opinion. By saying that anyone with a daily consumption expenditure of Rs.28.35 in cities (and Rs. 22.42 in rural areas) is above the poverty line, the Planning Commission has insulted the collective intelligence of our nation.

It is not expected by the virtue of part IV i.e. Directive principles of state policy. The chairman for planning commission is prime Minister of India and he has to very honest. The III schedule of constitution of India by which oath of office for a Ministers has to do swear, solemnly affirm for true faith and allegiance to the constitution of India and also to uphold to sovereignty and integrity of India. The said constitution frame has to be bare in the mind while discharging the duties may be as a chairman of planning commission as prime minister failing to which the society has to face the consequences.

The First Backward Class Commission headed by Kaka Kakeelkar submitted its report on March 30, 1955, recommending that factors such as traditional occupation and profession, percentage of literacy and general educational advancement, estimated population, and classifying a community as a ‘backward class’. The Commission also opined that the social position occupied by a community in the caste hierarchy would have to be taken into account when identifying backward classes for the purpose of job reservation Interestingly, Kaka Kakeelkar, who was the chairman of this Commission, had second thoughts after signing the report and, in his covering letter addressed to the President of India, he virtually pleaded for the rejection of this report on the ground that the recommendation for caste-based reservations would be detrimental to national interest and unity!

It was only in the year 1979 that the Union of India got around to appointing a second commission, popularly known as

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the Mandal Commission, for determining the criteria for defining ‘socially and educationally backward classes’ and to examine the desirability of providing for reservation in public services and posts in favour of such backward classes of citizens. It is interesting to note that even the terms of reference of the Mandal Commission never used the expression ‘any backward classes’ and referred only to ‘socially and educationally backward classes’. The report of this Commission was submitted on December 31, 1980, and it relied almost exclusively on caste as the predominant criterion for reservation in Government jobs. Significantly, Indira-Gandhi never implemented this report, although it was tabled in Parliament first in 1982. After Indira-Gandhi tragic assassination, her son Rajiv Gandhi stormed to victory on a massive sympathy wave, winning almost four-fifths majority in the Lok Sabha. He too did not implement the Mandal Commission Report.

V.P. Singh became the Prime Minister in the 1989 election, V.P. Singh, by announcing a 27% reservation for OBCs, altered the political landscape of the country forever.

The Mandal Commission was appointed by the president under Article 340. The constitution of India.

The V.P. Singh Government issued an Office Memorandum (O.M.) dated 13th August, 1990, that provided, for the first time, 27% of reservation for OBCs in public service.

The Mandal case which is known as Indra Sawhney v. Union of India.

And lastly the OBC reservation was protected by Supreme Court.

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63 AIR1993SC477
The court observed that the Indian Constitution was founded on the bedrock of the balance between Parts III and IV- i.e. between fundamental rights and Directive Principles. Any attempt to give primacy to the Directive Principles would disturb the harmony of the Constitution. This harmony and balance between fundamental rights and Directive Principles was an essential feature of the basic structure of the Constitution. Goals or objectives set out in Part IV had to be achieved without abrogation of the means provided in Part III.\textsuperscript{64} Subsequent events have shown the necessity of the basic structure doctrine and it has been the bulwark against repeated attempts of politicians to subvert the Constitution. It is now accepted by everyone in India that Parliament should not be given unlimited power to amend the Constitution.\textsuperscript{65}

Whatever its defects and the manner in which the case was heard and judgment delivered, the formulation of the basic structure theory saved democracy and preserved the rule of law. Our political leaders, with nothing else in mind but political vote banks and the next election, will never be able to destroy the basic features of our Constitution.\textsuperscript{66}

\textbf{5.9.11 Postscript- Shameful Supersession of judge}

The judgment in Kesavananda Bharati was delivered on the last working day of Chief Justice Sikri. He retired on April 25, 1973. The tradition of appointing the senior most judge as the chief Justice was abandoned and justice Ray, who was the fourth in the line of seniority, superseded Justices Shelat, Hegde and Grover. Shamefully this announcement was first made known through a radio broadcast over the All India Radio. The three superseded judges resigned, leading to

widespread protest throughout the country. In several High Courts, there was a boycott of one day. Chief Justice Ray never commanded the respect that was due to a Chief Justice. Over the years, his judgments were mainly in favour of the Union of India. To be fair, he had struck down the Thirty-ninth Amendment which sought to nullify the Allahabad High Court judgment and make the election of the Prime Minister unquestionable in any court of India. This was done despite the Emergency. Similarly, he also struck down the Newsprint Control Order in the Bennett Coleman case in late 1972. But the Bar never forgave him for being a party to the supersession of senior judge. It is reported that when there were earlier attempts to supersede the senior most judge, all the remaining judges threatened to resign. If Ray had set a similar example, he would have greatly contributed to the independence and prestige of the judiciary. The supersession of judges was just the beginning of a continued onslaught on the judiciary which extended till 1977 and was resumed once again after Mrs. Gandhi came back to power.\textsuperscript{67}

5.9.12 Dr. Ambedkar thoughts on freedom of trade:

The chaotic situation that prevailed was noticed by Dr. Ambedkar and he introduced draft articles to reduce the adverse effects of multiple taxation in the Constituent Assembly. Dr. Ambedkar informed the Assembly that sales tax had caused a great deal of difficulty in the matter of freedom of trade and commerce. He further stated that this kind of chaos ought not to be allowed and proposed to limit sales tax. These articles restrained States from levying sales tax on sales that had taken

place outside the State or those which were in the course of import or export.\textsuperscript{68}

\textbf{5.9.13 Medicines For All:}

National Sample Survey data indicate that free drugs supplied during hospitalisation declined from 31.20 per cent in 1986-87 to 8.99 per cent in 2004. The high cost of medicines from the mid-1990s resulted in out-patients not receiving drugs in one-fourth of all cases by 2004, up from 12.11 per cent in the base year. It is important therefore that the central government acts urgently on the expert group's suggestion to move to a system where essential medicines are available free of cost to everyone. It is estimated that this can be achieved through a four-fold increase in public spending on drugs. Such a programme should rely mainly on quality generic drugs produced by a revitalised public sector and compulsory licensing under the TRIPS Agreement of WTO. It is worth pointing out that in the absence of social health insurance, several patented medicines are beyond the reach of the majority of Indians.\textsuperscript{69}

Article 47 of Indian constitution specify about state shall regard the raising of level of nutrition and slandered of living of its people and improvement of public health as amongst Primary duties. The international covenant on Economic, Social and Cultural rights 1966, Art 12 provides ‘ The states parties to present covenant recognized the right of everyone to enjoyment of the highest attainable standard of physical and mental health.

A legislative measure to check menace of growing population was held to be valid It was held that fundamental rights are not to be read in isolation. They have to be read along with the chapter on Directive


\textsuperscript{69} THE HINDU THURSDAY, December 29,2011, page 12, Editorial, Chennai Editions
Principles of State Policy and the Fundamental Duties enshrined in Art. 51A. None of the lofty ideals envisaged under Art. 38 or 47 can be achieved without controlling population inasmuch as the material resources are limited and claimants are many. The problem of population explosion is a national and global issue for which priority in policy-oriented legislation, wherever needed, is necessary. Legislative measures to check the menace of growing population is valid.\footnote{Commentary on the Constitution of India, Durga Das Basu 8\textsuperscript{th} edition 2008, LexisNexis Butterworths Wadhwa, Nagpur. Art.47, Part IV- Directive Principles of State Policy Page 4164} A provision that person who has more than two children is not qualified to hold office in a local authority was, therefore, held to be valid.\footnote{Javed V. State of Haryana, AIR 2003 SC3057 (2003) 8 SCC 369.} The Report of the National Commission to Review the working of the Constitution, in Chapter III para 32, has stated thus: “The Commission noted with concern that proper planning and monitoring of the socio-economic development of the country is considerably hampered and neutralized by the exponential growth of population.”

The Commission, therefore, recommends that the following Article should be added as Directive Principles of State Policy after Art. 47 of the Constitution: Art. 47A. Control of Population- “The State shall endeavour to secure control of population by means of education and implementation of small family norms.”\footnote{Commentary on the Constitution of India, Durga Das Basu 8\textsuperscript{th} edition 2008, LexisNexis Butterworths Wadhwa, Nagpur. Art.47, Part IV- Directive Principles of State Policy Page 4164}

The majors by an amendment by control of population for socio-economic development as prescribed by the national commission is required to be appreciated by inserting amendment Art.47 by Art.47A.

It has been held that a law of prohibition cannot be challenged on the ground of contravention of Art. 19(1)(g), because dealing in liquor
would not come within the category of ‘trade or business’ which is guaranteed by Art. 19(1)(g).\(^7^3\)

It is required to prohibit trade of alcohol, liquor and drugs for healthy society.

Global Aspect Of Economic Development

The need for a currency reform was recognized in England but in India many people seemed averse to it. To some the stability of the silver standard had made a powerful appeal, for they fail to find any evidence of Indian prices having raised above the level of 1873. To others the bounty of the falling exchange was too great a boon to be easily given away by stabilizing the exchange. The falsity of the both the view is patent. Prices in India did rise and that, too, considerably. Bounty perhaps there was, but it was a penalty on the wage-earner. Thus viewed, the need for the reform of Indian currency was far more urgent than could have been said of the English currency. From a purely psychological point of view there is probably much to choose between rising prices and falling prices. But from the point of view of their incidence on the distribution of wealth, very little can be said in favor of a standard which changes in its value and which becomes the\( \textit{via media} \) of transferring wealth from the relatively poor to the relatively rich. Scope said:” Without stability of value, money is a fraud.” Surely, having regard to the magnitude of the interests affected, depreciated money must be regarded as a greater fraud. This being so, the prosperity of Indian trade and industry, far from being evidence of a sound currency, was sustained by reason of the fact that the currency was a diseased currency. The fall of exchange, in so far as it was a gain, registered a loss to a large section of the Indian people with

fixed incomes who suffered from the instability of the silver standard equally with the government and its European officers.\textsuperscript{5}

Economists have no doubt insisted that “there cannot…be intrinsically a more significant thing than money,” which at best is only “a great wheel by means of which every individual in society has his subsistence, conveniences and amusements regularly distributed to him in their proper proportions”. Whether or not money values are the definitive terms of economic endeavor may well be open to discussion.\textsuperscript{6} But this much is certain, that without the use of money this “distribution of subsistence, conveniences and amusements,” far from being a matter of course, will be distressingly hampered, if not altogether suspended. How can this trading of products take place without money? The difficulties of barter have ever formed an unfailing theme with all economists including those who have insisted that money is only a cloak. Money is not only necessary to facilitate trade by obligating the difficulties of barter, but is also necessary to sustain production by permitting specialization. For, who would care to specialize if he could not trade his products for those of others which wanted them? Trade is the handmaid of production, and where the former cannot flourish the latter must languish. It is therefore evident that if a trading society is not to be out of gear and is not to forego the measureless advantages of its automatic adjustments in the great give and take of specialized industry, it must provide itself with a sound system of money.\textsuperscript{7} Since the time of Akbar, the founder of the economic system of the Mogul Empire in India, the units of currency had been the gold mohur and the silver rupee. Both coins, the mohur and the rupee, were identical in weight, i.e., 175 grs. Troy\textsuperscript{8} and were “supposed to have been coined without any alloy, or at least intended to be so.\textsuperscript{9} The standard, therefore, was more of the nature of what Jevons called a parallel standard\textsuperscript{10} than a double standard.
Dr. P. Kelly’s view is that they circulated at their market ratio. On the other hand, Sir R. Temple says :”In ancient and medieval India the relative value of the coins of each metal was fixed by the State and all were legal tender virtually without any formal invitation” ¹¹. On the other occasion he said:” The earliest Hindu currency was in gold with a single standard. The Mohammendas introduced silver, and in later times up to the British rule there was a double standard gold and silver”¹². In contrast to this it may be noted that the Preamble to Currency Regulations XXXV of 1793 and other currency regulations of early date make it a point to emphasize that under British regime there was no fixed ratio between mohur and the rupee.

That this want of ratio could not have worked without some detriment in practice is obvious. But it must be noted that there existed an alleviating circumstance in the curious contrivance by which the mohur and the rupee through unrelated to each other, bore a fixed ratio to the dam, the copper coin of the Empire ¹³. So that it is permissible to hold that, as a consequence of being fixed to the same thing, the two, the mohur and the rupee, circulated at a fixed ratio.
5.10. Comparative Study Between India And China

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<th>Facts</th>
<th>India</th>
<th>China</th>
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<tr>
<td>GDP growth</td>
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<td>9.60%</td>
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<td>Per capital GDP</td>
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<td>Inflation</td>
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<td>Labor Force</td>
<td>467 million</td>
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<td>Unemployment</td>
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<td>21.5%</td>
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<td>Foreign Direct Investment</td>
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</tr>
<tr>
<td>Gold Reserves</td>
<td>15%</td>
<td>11%</td>
</tr>
<tr>
<td>Foreign Exchange Reserves</td>
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<td>$2.65 trillion</td>
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<tr>
<td>World Prosperity Index</td>
<td>88th Position</td>
<td>58th Position</td>
</tr>
<tr>
<td>Mobile Users</td>
<td>842 million</td>
<td>687.71 million</td>
</tr>
<tr>
<td>Internet Users</td>
<td>123.16 million</td>
<td>81 million.</td>
</tr>
</tbody>
</table>

Making an in depth study and analysis of India vs. China economy seems to be a very hard task. Both India and China rank among the front runners of global economy and are among the world's most diverse nations. Both the countries were among the most ancient civilizations and their economies are influenced by a number of social, political, economic and other factors. However, if we try to properly understand the various economic and market trends and features of the two countries, we can make a comparison between Indian and Chinese economy.

Going by the basic facts, the economy of China is more developed than that of India. While India is the 11th largest economy in terms of the exchange rates, China occupies the second position surpassing Japan. Compared to the estimated $1.3123 trillion GDP of India, China has an
average GDP of around $4909.28 billion. In case of per capital GDP, India lags far behind China with just $1124 compared to $7,518 of the latter. To make a basic comparison of India and China Economy, we need to have an idea of the economic facts of the countries.

If we make the analysis of the India vs. China economy, we can see that there are a number of factors that has made China a better economy than India. First things first, India was under the colonial rule of the British for around 190 years. This drained the country's resources to a great extent and led to huge economic loss. On the other hand, there was no such instance of colonization in China. As such, from the very beginning, the country enjoyed a planned economic model which made it stronger.

5.10.1 Agriculture

Agriculture is another factor of economic comparison of India and China. It forms a major economic sector in both the countries. However, the agricultural sector of China is more developed than that of India. Unlike India, where farmers still use the traditional and old methods of cultivation, the agricultural techniques used in China are very much developed. This leads to better quality and high yield of crops which can be exported.

5.10.2 IT/BPO

One of the sectors where India enjoys an upper hand over China is the IT/BPO industry. India's earnings from the BPO sector alone in 2010 are $49.7 billion while China earned $35.76 billion. Seven Indian cites are ranked as the world's top ten BPO's while only one city from China features on the list.

5.10.3 Liberalization of The Market

In spite of being a Socialist country, China started towards the liberalization of its market economy much before India. This
strengthened the economy to a great extent. On the other hand, India was a little slow in embracing globalization and open market economies. While India's liberalization policies started in the 1990s, China welcomed foreign direct investment and private investment in the mid 1980s. This made a significant change in its economy and the GDP increased considerably.

5.10.4 Difference In Infrastructure And Other Aspects Of Economic Growth

Compared to India, China has a much well developed infrastructure. Some of the important factors that have created a stark difference between the economies of the two countries are manpower and labor development, water management, health care facilities and services, communication, civic amenities and so on. All these aspects are well developed in China which has put a positive impact in its economy to make it one of the best in the world. Although India has become much developed than before, it is still plagued by problems such as poverty, unemployment, lack of civic amenities and so on. In fact unlike India, China is still investing in huge amounts towards manpower development and strengthening of infrastructure.

5.10.5 Company Development

Tax incentives are one area where China is lagging behind India. The Chinese capital market lags behind the Indian capital market in terms of predictability and transparency. The Indian capital or stock market is both transparent and predictable. India has Asia's oldest stock exchange which is the BSE or the Bombay Stock Exchange. Whereas China is home to two stock exchanges, namely the Shenzhen and Shanghai stock exchange. As far as capitalization is concerned the Shanghai Stock Exchange is larger than the BSE since the SSE has US$1.7 trillion with 849 listed companies and the BSE has US$1 trillion with 4,833 listed
companies. But more than the size what makes both these stock exchanges different is that the BSE is run on the principles of international guidelines and is more stable due to the quality of the listed companies. In addition to this the Chinese government is the major stakeholder of most of its State-owned organizations hence the listed firms have to run according to the rules and regulations laid down by the government. Hence India is ahead of China in matters of financial transparency.

5.10.6 Company Management Capabilities

It is said that Indians have great managerial skills. India also leaves China behind as far as management abilities are concerned. As compared to China India has better managed companies. One of the major reasons for this is that management reform training in China began 30 years ago and sadly the subject has still not picked up as a matter of interest by the citizens of the country. Another important factor behind China not doing well in the business forefront is that most of the countries came to China and manufactured their goods. It was not China’s exports that drove the economy instead it was the export products of outsiders. Even in the case of mergers and acquisitions China still has not managed to do too well. On the other hand Indian companies are rapidly expanding mergers and acquisitions. Some of the recent examples include; Tata Steel's $13.6 Billion Acquisition of Corus, Tata Tea's purchase of a controlling stake in Britain's Tetley for US$407 million, Indian Pharmaceutical giant Ranbaxy's acquisition of Romania's Terapia etc.

5.10.7 China's Import & Export (2010/11)

As far as exports of both the countries are concerned both the countries managed to do pretty well in 2010. China's total imports and exports stood at US $2677.28 billion at the end of November 2010.
India's exports grew by 26.8% and imports increased by 11.2%. Below is presented details about China's import and exports for the year 2010.

5.10.8 CHINA'S IMPORT AND EXPORTS FOR THE YEAR 2010.

<table>
<thead>
<tr>
<th></th>
<th>Absolute Value for November</th>
<th>Year-on-year growth % for November</th>
<th>Absolute Value for first 11 months</th>
<th>Year-on-year growth % for first 11 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export Value</td>
<td>1533.3</td>
<td>34.9</td>
<td>14238.4</td>
<td>33.0</td>
</tr>
<tr>
<td>Import Value</td>
<td>1304.4</td>
<td>37.7</td>
<td>12534.3</td>
<td>40.3</td>
</tr>
<tr>
<td>Total Import and Export Value</td>
<td>2837.6</td>
<td>36.2</td>
<td>26772.8</td>
<td>36.3</td>
</tr>
<tr>
<td>Import and Export Balance</td>
<td>228.9</td>
<td>20.7</td>
<td>1704.1</td>
<td>-3.9</td>
</tr>
</tbody>
</table>

5.10.9 The Problem With Indian Currency:

The Great European War was the most abnormal event within living memory. During its disastrous course it touched nothing which it did not upset But of all the things it touched none received a more violent
shock than did the currency system that today one finds that the German mark, the Austrian crown, the Russian Rouble, the French franc and the Italian lira, to mention only a few of the world's chief units of account, have lost their moorings and travelled far and wide from their original parity. Even the British pound succumbed and the rupee which was never in the thick of the war escaped the fasteners contrived by its guardian to keep it steady.

In the course of reconstruction which has followed the close of the War it is natural to find people desirous of a return to the pre-war conditions of currency. In sympathy with this universal demand there has arisen to India a party with a definite program in that behalf. In the opinion of this party Indian currency should be stabilized at the ratio of 1s 4d to the rupee which was the pre-war ratio of Indian currency. To this demand the Government of India seems to be opposed, not because that ratio is not good but because in its opinion it is not better. It wants or rather aims at having a 2 shilling ratio for the Indian currency. As everyone is aware many Governments in Europe, apart from the wisdom of doing so, would indeed be thankful if they could only restore their currencies to their pre-war ratios—so far are they away from them. Indian currency on the other hand has already reached its pre-war ratio: In view of this the attitude of the Government of India in not being satisfied with a return to the pre-war conditions seems to be that of a naughty child always asking for more.

At the outset it is necessary to realize that this controversy involves two distinct questions: (i) Should we stabilize our exchange and (ii) What should be the ratio at which we should stabilize? These two questions are distinct questions. But when one reads what the two parties have to say one sees that neither the Government nor its opponents have made it clear whether their aim is to alter the worth of our unit of account, i.e. to put a
new value on it or to stabilize it at its existing value. It is scared, there can be very little advance in the direction of rehabilitation of our currency until these two questions are completely separated. For, not only is the aim of altering the worth of a currency distinct from that of stabilizing true that those who want to alter the worth of the currency wish in the end to stabilize it when the worth desired is attained.

But so far as the transit period is concerned, to say that we are stabilizing the currency when we are altering its worth is to create confusion. For, the latter involves a deliberate policy of changing the ratio while the former means a deliberate policy of keeping it steady.

Before discussion of these two distinct questions it is, necessary to make sure that we understand exactly how an exchange ratio is determined. For unless we grasp this, we can never intelligently follow the bearings and implications of the two questions that arise out of this controversy. To put it simply, an exchange ratio between two currencies or units of account means the value of one in terms of the other. Now, a unit of account is value in terms of another unit of account not for its own sake, unless it is wanted as a curio, but for what it will buy so that we can say, for the purpose of introducing the subject in a concrete form, that Englishmen will value Indian rupees in as much as and in so far as those rupees will buy Indian goods. On the other hand, Indians will value English pounds in as much as and in so far as those pounds will buy English goods. It, therefore, follows that if rupees in India rise in purchasing power or remain stationary or rise less rapidly while pounds in England fall in purchasing power (i.e. if the Indian price level falls relatively to the English price level) fewer rupees would be worth as much as a pound. In other words when rupee prices in India will fall the exchange value of the rupee in terms of the pound will rise. Contrariwise if rupees in India fall in purchasing power while pounds in England rise
in purchasing power or remain stationary or fall less rapidly (i.e. if the Indian price level rises relatively to the English price level) fewer pounds would be worth as much a rupee. In other words, when rupee prices in India will rise the exchange value of the rupee will fall. From this we can lay down as a general proposition that the exchange ratio of two units of account is on a par with the exchange ratio of their purchasing powers. This is in short the doctrine of Purchasing Power Parity as an explanation of a particular exchange ratio between two currencies or units of account. It insists upon a firm grasp of this doctrine because, it has found some of our leading lights seem to hold that a particular exchange ratio is the result of the balance of trade. This view is somewhat difficult to understand. For as a matter of fact, in international trade, wherein exports pay for imports, there is never such a thing left as an unpaid balance. It is true that a part of the trade dues are paid for by money; but there is no reason why the part liquidated by money should be spoken of as a balance. All that it means is that money enters into international trade just as other commodities do. There is nothing peculiar about money in that. Nor is there anything peculiar in the variation in the extent to which money enters into international transactions. The extent to which money enters into trading transactions of a country is governed by the same law of relative value as is the case with any other commodity. The commodity which is relatively the cheapest tends most to go out of the country. At one time it may be cutlery and at another it may be oranges and at a third time it may be money. If no one speaks, as one may very well do, of a balance of trade in terms of cutlery or oranges when after a stage of normal equilibrium more of them go out of the country than they did before, there is neither rhyme nor reason in speaking of a balance of trade in terms of money when after a stage of normal equilibrium more money goes out of the country than it did before. This usage is, however,
pardonable as being a harmless survival of the mercantilist days. But what is grossly absurd and foolish is the view that the exchange ratio of a unit of account is determined not by its purchasing power but by the balance of trade. This view is a pure inversion of cause and effect. It is true that a fall in the exchange value is accompanied by an adverse balance of trade and a rise in the exchange value by a favorable balance of trade. But an adverse balance of trade in the sense that commodity exports are falling off while commodity imports are rising evidently means that the particular country has become a market which is good to sell in but bad to buy from. Similarly, a favorable balance of trade in the sense that commodity exports are rising while commodity imports are falling off evidently means that the particular country has become a market which is good to buy from but bad to sell in. Now a market is good to sell in but bad to buy from (typified by the case of a fall in the exchange value accompanied by an adverse balance of trade) when the level or prices ruling in that market is higher than the level of prices ruling outside it. in the same way a market is good to buy from but bad to sell in (typified by the case of a rise in the exchange value accompanied by a favorable balance of trade) when the level of prices ruling in that market is lower than the level of prices ruling outside. This simply is another way of stating that lower prices means a high exchange value and a favorable balance of trade and that higher prices mean low exchange value and adverse balance of trade. The balance of trade is thus the result of the changes in the exchange value and not vice versa, and exchanges in the exchange value are the result of changes in the price level, i.e. changes in the purchasing power of units of account. This is the most fundamental fact and although some might resent the digression as feeding the baby, it was necessary. For many people talk hopeless nonsense about stabilization of exchange and fixing the exchange at
choice ratios as though it had nothing to do with the question of prices. On the other hand changes in exchange are ultimately changes in the price level and as much have profound bearing upon the economic welfare of the people. Remembering then that regulating exchange is the same thing as regulating the purchasing power of the currency, we may proceed to discuss the two questions that arise out of this controversy.

Firstly, should we stabilize the exchange value of our unit of account? As said above, foreign exchanges compare in value of the currency of one country with that of others. It follows that exchange values of two currencies are important only to merchants who do not buy and sell in the same country. Again, it is of no consequence to them what the exchange value is, i.e. whether the rupee is worth 1s or provided the figure is always the same and is known in advance. It is only changes or fluctuations in the given exchange value that is of any moment to the merchant. What he wants is this invariability of exchange; to ensure this invariability is the problem of stabilization. Under the present circumstances can we guarantee this invariability of exchange ratio to our merchants? To answer this question we must recall the basic conception of the purchasing power parity as an explanation of the exchange ratio. From that doctrine it is clear that if you want to stabilize exchange you must control the purchasing powers of the two currencies concerned so that their movements will be alike in depth as well as in direction. To stabilize exchange we must have therefore some controlling instrument which would act as a common regulator bringing about proportionate changes in the two currencies in the same direction. Hitherto one such good instrument had been found and that was a common gold standard. That standard has now been destroyed all over the world except in the United States. Consequently an automatic stable exchange on the basis of
a gold standard is impossible for the present, except with the United States.

Hitherto one such good instrument had been found and that was a common gold standard. That standard has now been destroyed all over the world except in the United States. Consequently an automatic stable exchange on the basis of a gold standard is impossible for the present, except with the United States. As regards countries which are on a paper basis, stabilization of exchange can be secured only on two terms (i) Since we cannot control the currencies of other countries we must be prepared to manipulate our currency in sympathy with theirs and be ready to appreciate it when they depreciate theirs, (ii) Without manipulating the whole of our currency we should be prepared to sell and buy foreign exchange at a fixed ratio. Both these projects for securing invariability of exchange must, be rejected as injurious as well as hazardous. There is no doubt that stabilization will promote, as nothing else can, the revival of international credit and the movement of capital to where it is most required. One of the most vital parts of pre-war organization would thereby be restored and an element of uncertainty would vanish. Markets given up as lost would be again nursed, which would give an impetus to trade and industry. But there is no doubt that the benefit to be derived will not be worth the cost involved. Our external transactions are infinitesimal as compared to our internal transactions. To dislocate our internal arrangements by constant changes in our price level to preserve external parity is too big a price for a gain which is after all paltry. For, our merchants must remember that though fixity is a great advantage, yet its absence is not an absolute bar to the carrying on of international trade. We have an instance of this in the history of our own currency. For two full decades between 1872-1892 there were the greatest oscillations in Indian currency. Then as now our merchants did clamor against the
instability of exchange being an hindrance to trade. But our history shows that even under fluctuating exchange they did thrive and prosper and it may be hoped that their sons may instinctively know how to do the same. Should this fail to carry consolidation, one would recommend the movement of our price level even if it involved the management of our currency, had the Governments of the European countries not been in such an impecunious condition. As it is, by consenting to move our price level in sympathy with theirs we would be committing our welfare to the care of bankrupt governments and their desperate ministers. A currency which is managed on a basis approved by science would no doubt do the best. To be linked up with a currency which is managed solely to meet the exigencies of trade would be tolerable. But it would be an intolerable management of our currency to join hands with a partner who is living on his currency to keep himself going.  

In the matter of Ram Jethmalani & Others. V/s Union of India & Ors. Writ Petition (Civil) No.(S) 176 of 2009, the Supreme Court of India in which state socialism is reflected.

5.11.1 Socio Economic Development of Downtrodden

That it leads to responsible, reasoned and reasonable debate, thereby exerting the appropriate democratic pressure on the State, and its agents, within the constitutional framework, to bring about the necessary changes without sacrificing cherished, and inherently invaluable social goals and values enshrined in the Constitution. The failures are discernible when viewed against the vision of the constitutional project, and as forewarned by Dr. Ambedkar, have been on account of the fact that man has been vile, and not the defects of a Constitution forged in the fires of wisdom gathered over eons of human experience. If the politico-bureaucratic, power wielding, and business classes bear a large part of

74 Economic and Political weekly dated 11-9-2011, also see counter currents.org.
the blame, at least some part of blame ought to be apportioned to those portions of the citizenry that is well informed, or is expected to be informed. Much of that citizenry has disengaged itself with the political process, and with the masses. Informed by contempt for the poor and the downtrodden, the elite classes that have benefited the most, or expects to benefit substantially from the neo-liberal policies that would wish away the hordes, has also chosen to forget that constitutional mandate is as much the responsibility of the citizenry, and through their constant vigilance, of all the organs of the state, and national institutions including political parties. To not be engaged in the process, is to ensure the evisceration of constitutional content. Knee jerk reactions and ill advised tinkering with the constitutional framework are not the solutions. The road is always long, and needs the constant march of the citizenry on it. There is no other way. To expect instant solutions, because this law or that body is formed, without striving to solve system wide, and systemic, problems that have emerged is to not understand the demands of a responsible citizenry in modern constitutional republican democracies. These matters before us relate to issues of large sums of unaccounted monies, allegedly held by certain named individuals, and loose associations of them; consequently we have to express our serious concerns from a constitutional perspective. The amount of unaccounted monies, as alleged by the Government of India itself is massive. The show cause notices were issued a substantial length of time ago. The named individuals were very much present in the country. Yet, for unknown, and possibly unknowable, though easily summarizable reasons the investigations into the matter proceeded at a laggardly pace. Even the named individuals had not yet been questioned with any degree of seriousness. These are serious lapses, especially when viewed from the
perspective of larger issues of security, both internal and external, of the country.\footnote{Ram Jethmalani & Ors. Versus Union Of India & Ors. Writ Petition (Civil) No(S). 176 Of 2009}

In this matter the court order relief stated that the Union of India shall forthwith disclose to the petitioners all those documents and information which they have secured from the Germany, in connection with the matter discussed above subject to the conditions specified below:

- That the Union of India is exempted from revealing the names of those individuals who have accounts in Bank of Liechtenstein, however no information or evidence of wrongdoing is yet available for the same as investigation is still in process.

- That the names of those individuals with bank accounts in Liechtenstein with respect of whom investigations have been concluded, either partially or wholly, and show cause notices issued and proceedings initiated may be disclosed

- That the Special Investigation Team, constituted pursuant to the orders of today by those court shall take over the matter of investigation of the individuals whose names have been disclosed by Germany as having accounts in Bank in Liechtenstein and expeditiously conducted the same.

The Special Investigation Team shall review the concluded matters also in regard to assess whether investigations have been thoroughly and properly conducted or not, and on coming to the conclusion that there is a need for further investigation shall proceed further in the matter. After conclusion of such investigations by the Special Investigation Team, the Respondents may disclose the names with regard to whom show-cause notices have been issued and proceedings initiated.
5.12. State’s Role In Democratic Society:

The views of Dr Ambedkar that, the real solution lies in removing the structural inequalities caused by past exclusion and isolation in more fundamental ways and put forward the policy of structural equalization.\textsuperscript{76} It was necessary because of Hindu Social Order which is responsible for unequal distribution of National Wealth in India. Accordingly Shudras were not allowed to acquire any sort of property such as land, fixed capital assets or a gainful trade. Therefore, to restructure the Indian society based on Liberty, Equality, Justice and Fraternity Dr. Ambedkar suggested some of the very important measures; one of them is Nationalization of land. In his important book “States and Minorities” he has given a complete plan. How to implement his plan in modern time and what are the advantages? Let us discuss in brief. The first thesis of Dr. Babasaheb Ambedkar on agriculture problem namely “Small Holdings and Their Remedies”\textsuperscript{(1918)} he rightly points out that the low productivity and production of agriculture sector was due to lack of inadequate inputs available to producers and non availability of alternative jobs to laborers there is a high pressure of excesses labor force on agriculture sector. Therefore he has suggested increasing the industrial base to absorb these surplus labors. He also demands the abolition of Khoti land holding system to protect the tenant from Khots suppression and exploitation in 1937. However, Dr Ambedkar knew that such measures will not solve the root cause of sorrow of landless labors and small and marginal farmers. So, in 1946 he demands collective methods of cultivation. There are number of advantages of collective farming for our understanding we can classify these in two part as follows:

\textsuperscript{76} Sukhdeo Thorat, Reservation in private sector , Rawat Publication, New Delhi, P 19, 2005.
1) Economic advantages
   a) Total production and productivity will increase due to plan production and available of inputs such as fertilizers, capital, equipments and skill workers, and those who will work in agriculture sector will get all benefits as other workers in industrial sector.
   b) Maximum utilization of available land
   c) Irrigation facilities to all farmers
   d) Use of modern technology at a large extent.\textsuperscript{77}

2) Social advantages
   a) Social harmony will prevail, scheduled castes and scheduled tribes and other land Less workers will not be exploited by land lords.
   b) Justice and equity will remain maintained in rural India.
   c) Mobility of surplus labor force from agriculture to industry sector will increase at large extent.
   d) Income inequalities and social conflicts will reduce.\textsuperscript{78}

These are some of the important advantages of nationalization of land in India. Therefore, this is the issue that Ambedkarin thinkers should have to take at fore front at their movements. If the policy makers of this country would have accepted the demand of Dr. Ambedkar well in advance to nationalize the agriculture and reorganized the agriculture sector then such recent suicide of farmers in Maharashtra would not have been incurred.

The another important source of capital assets accumulation is industries, therefore Dr. Ambedkar suggested that key industries should

\textsuperscript{77} Ambedkarian Perspective For Economic Development” by Dr. K.S.INGOLE, Reader, Centre for Dr. Ambedkar Studies, Dept. of Economic PGSR, SNDT Women University Mumbai.

\textsuperscript{78} Ambedkarian Perspective For Economic Development” by Dr. K.S.INGOLE, Reader, Centre for Dr. Ambedkar Studies, Dept. of Economic PGSR, SNDT Women University Mumbai.
nationalize. This was reflected in the industrial policy of India, as per the industrial resolution of 1956 major industries were nationalized. However, since the beginnings of new economic policy in 1991, government of India is gradually reducing its share from these industries and transferring these industries to the private sector. The results of such unethical transfers are multiple and most of these results are affected adversely on the life of depressed classes particularly, in respect of employment. These industries are now restructuring the pattern of production to increase the level of profit. To earn the profits is not a crime itself but if it is earned by reducing the employment then it becomes serious concern to Dalits as they have no other alternative source of livelihood.

The Economic times of India published a report of one of the expert committee on the share of employee’s in the total production. According their report the share of labors in total industrial product in 1990-91 was 11 per cent and in 2000-01 the labors share reduced to 5.6 per cent. It indicate that though the industrial production is increasing but the labors share is decreasing.

5.12.1 Government Expenditure On Education And Health

The Education plays a very important role in the processes of development. Dr Ambedkar considered education as the most powerful agent for bringing about desired changes in society and it is a prerequisite for organized effort for launching any social movement in the modern times. For him education was an instrument to liberate the masses from illiteracy, ignorance and superstitious and thus enable them to fight against all form of injustice, exploitation and oppression. Therefore, he gave the highest priority to education in his struggle for the liberation of Dalits from the age old oppressive character of the caste ridden Indian
The Fathers of the Constitution of India decided that education should be available free of charge and that attendance in schools should be compulsory for all children up to the age of 14 years as incorporated in Article 45 of the Directive Principles of State policy. This provision in Article 45 of the Directive principles of State policy reinforces Article 24 which reads “no child below the age of 14 years shall be employed to work in any factory mine or engaged in any hazardous employment. The Constitution also directs that children cannot be abused or forced to work and to enter avocations unsuited to their age or strength” through article 39(e) and (f).

Keeping in mind the need to combat the educational and economic disadvantage of scheduled castes and scheduled tribes along with other disadvantaged sections of society in the past, special emphasis was given to their needs in article 46. This article makes a commitment to protect these groups from social injustice and all forms of exploitation. All the above provision indicates a clear commitment to giving Indian children in this freedom and dignity and recognizing their essential contribution to building a democratic nation.80

However, the proportion of public outlays that goes to finance the education sector is indicative of relative importance assigned to that sector. While these figures are indicative of the relative lack of public commitment to developing the education system, education is being increasingly looked on as a market for major national and multinational corporations. Where, immense profits are to be made instead of public service.81 Social investments are required for sustained economic

79 Ambedkarian Perspective For Economic Development” by Dr. K.S.INGOLE, Reader, Centre for Dr. Ambedkar Studies, Dept. of Economic PGSR, SNDT Women University Mumbai.


81 T Ravikumar, vijender sharma, Downsizing higher education an emerging crisis, EPW, February 15, 2003
growth. In China public spending on education is 2.3 percent of GDP while that on health is 2.1 percent GDP. The outcomes for human development are clear. Literacy stands at 84 percent, infant mortality rate at 32 per 1000 live births and under five mortality rates at 40 per 1000 live births.

India, in contrast, has traditionally had lower spending levels. Health spending stands at 1.3 percent of GDP (Central and States Governments combined). Spending on education has increased significantly, from 0.8 percent of GDP in 1950 to 3.2 percent in 2003, though it still falls short of the government target of 6 percent of GDP. Human development indicators for India remain much lower than for China. Literacy stands at 65 percent, infant mortality at 68 per 1000 live birth, and under five mortality rates at 96 per 1000 live births.\(^8\) Dr Ambedkar vehemently criticises the British Government’s fiscal policy for impoverished India through irrational taxation methods, through a land tax that prevented agricultural prosperity and heavy customs at internal excise duties that injured its industry. It was clear, he argued, that the British government was running India in the interest of British manufacturers.

Similarly, he criticized the British government’s expenditure policy because most of the expenditure was on defense, administration and other non-development work and grossly neglect social sector particularly education and health. After independence it was told by the authorities at that time that Indian Government will spend more money for the eradication poverty, education to all and health facilities at low cost or free to the poor, employment generation and number of other promises.

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\(^8\) Human Development Report 2003, oxford university press, New Delhi, published for the united nations development program (UNDP)
were given to Indian people. Therefore let us see the educational condition of scheduled castes and scheduled tribes in India.

5.12.2 Transfer Of Scheduled Caste And Scheduled Tribe Land

Under the provisions of Maharashtra Land Revenue Code 1966, Section 36 A. transaction of land belonging to the Scheduled Tribes (ie persons belonging to these category to transfer/transact with another person belonging to the same group). Any person belonging to Scehdule Caste and Tribes, while transacting/transfering the land to persons belonging to any other Caste has to be dealt under the provisions of section 36A of the code, and also by abiding the provisions of rule 1975 for transactions/transfer of Non – Agricultural land, which can be done with the prior approval of the District officer, who has been vested with relevant powers by the Government. It is settled law by the virtue of, Government of Maharashtra, Revenue and Forest Department, Government Circular No – Aadivasi -3010/ P.No.313/L-9, Mantralaya, Mumbai – 400 032, dated 15th September 2010, Circular 83.

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83 Government of Maharashtra, Revenue and Forest Department, Government Circular No – Aadivasi -3010/ P.No.313/L-9, Mantralaya, Mumbai – 400 032, dated 15th September 2010, Circular 83.
Government of Maharashtra, Revenue and Forest Department, Government Circular No – Aadivasi -3010/ P.No.313/L-9, Mantralaya, Mumbai – 400 032, dated 15th September 2010, Circular”

5.12.2 Educational Conditions SC/ST

Basic education continues to remain a privilege enjoyed by some and there is tremendous variation among the social groups. Universal primary schooling is still a distant goal, particularly for females amongst the socially disadvantaged groups, i.e. the scheduled castes and scheduled tribes and other backward castes and Muslim in remote rural areas and urban slums. As per the report of ministry of HRD government of India 1998-99 the literacy level among the SC females was 23.76 and for ST females it was 19.18 and for others 44.81 percent and male literacy rate was 49.91 for SC and 40.65 for ST and 69.53 for others. It shows the literacy disparity and urgency to take steps to spread the education among the SC/ST. Further if we observed the rural areas literacy rate then the condition is worst. Literacy rate among the SC females in rural areas shows that 19.46 percent and for ST 16.02 and for others 35.38. With such a vast illiteracy how can we compete with the global economy and what will be the position of Dalits. Therefore, a firm commitment to the widespread and equitable provision of basic education is the first requirement of rapid progress in eradicating educational deprivation in India. Low levels of education in India reflect both the low duration of schooling for children who are enrolled at some stage and a large proportion of children are never enrolled at all. This is not the only story.
of India, but the scared resources are also spent disproportionately as more on higher education and less on primary education. The result of such spending is that those who are already educated they get more benefits of government’s expenditure policy on education and those who are disadvantaged people they are affected adversely. So, it is clear that, relatively well to do class get better advantages of government’s expenditure policy on education than disadvantaged classes Similar position is for health expenditure of government of India last year’s budgetary provision for health services was 0.95 percent of union budget. Therefore, public hospitals do not have adequate medicine in the hospital and poor people are dying without basic health facilities. Why this is happening in India after 60 years of independence.

**Remedial measures:**

If we think deeply we get sources of pitiable conditions of depressed classes in modern India. India experienced many political changes after independence. However, the basic organization and structure of the society has not change. Different political parties have formed their government at Centre and States levels such as Congress, BJP, Janata Dal, Communist etc but the ruling class remained the same from the upper strata of the society i.e. Brahmans, Baniyans, Land Lords and capitalists. They are utilizing the political power, administrative powers and judicial powers to build up their economic strength and to increase their welfare by adopting policies to their favor and to maintain the status as it was in the feudal time. Therefore, most of their organizations such as RSS, Bajarang Dal, Shiv Sena etc. they are creating the illusions among the Bahujan Samaj on the name of religion, castes, regions and rule the masses without interruption. They are doing it for their people’s welfare and to maintain their supreme power over
depressed classes. The question before me is what depressed classes should do. This is the important question before us. It is required to divide our objective in two parts, the first part deals with short term objectives and second part deals with long term objectives.

**Short Terms Objectives:**

a) Welfare policies of government: we have to see that welfare policies of government should be implemented timely and properly. These include education policy, health and family welfare policies.

b) Infrastructure facilities: we have to observe that government spent on infrastructure such as sanitation facilities, roads, electricity, safety for life, it help indirectly to poor to boosts their energy.

c) Allocation of funds: we have to see that allocated funds are not diverted to ulterior motive by the vested interest people.

d) Monitoring the scheme: government should appoint a permanent monitoring body to see that there is no mismanagement, or Dalits among themselves should create an organization to monitor the scheme. These monitors will organize regular awareness programs among the marginalized people and will give the detailed information about the government welfare schemes.

e) To built up educational trust or societies for spreading education among them. Similarly create awareness about Human Rights. Find out the sources and make them available of legal information, the rights of livelihood towards the government, and other public authorities. Develop the entrepreneurial abilities and provide adequate facilities to Dalits.

**Long term programs:**

The long term objective of depressed classes is to total transformation the existent structure of society. Dr. Babasaheb Ambedkar

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87 “Ambedkarian Perspective For Economic Development” by Dr. K.S.INGOLE, Reader, Centre for Dr. Ambedkar Studies, Dept. of Economic PGSR, SNDT Women University Mumbai.
said that, until we get political power in our hands we cannot change the existing oppressive system.

   a) To capture the political power we have to remove the illusion from the mind of depressed classes about the concepts of Hindutva and such other type of concepts and make them aware about their present positions.

   b) Continuous efforts to minimize the enemies of Dalits and make more true friends

   c) To build up strong political organization

   d) To reconstruct the Indian society based on freedom, equality, justice and fraternity The task look difficult but if it is planned properly and work together restlessly, no doubts in my mind that this is not impossible. What Dr. Babasaheb Ambedkar dreamed New Global India is possible to build up in 21\textsuperscript{st} century.

The economic ideas of Dr. Ambedkar can be explained by observing chances in the fields of economic scenario from 1930’s to 1950’s. His economic thought had gained momentum in the 1940’s through his serious research work. The recent study can be said to be significant from the following aspects: On one side Dr. Ambedkar was contributing his social movement and on the other hand he was developing his own strategies. His social economics received a climax when he submitted a memorandum to the constituent assembly.

\textbf{5.13 Rise Of Hindu Nationalism And State Socialism}

The rise of Hindu nationalism in India was tied to a broader (but ultimately limited) project of interpolating citizens as consumers within a neoliberal project that rejected the mutual identification of Congress hegemony and state socialism. Ironically, India’s economic liberalization had taken its first tentative steps toward, and then decisive break with, state socialism under Congress rule, but it was the BJP that succeeded for
a while in articulating a hegemonic bloc. This remains a puzzle. The BJP was formed in 1980 as the parliamentary wing of the Rashtriya Swayamsevak Sangha (RSS, National Defense League), a secretive, underground organization founded in 1925 that advocated extreme Hindu militancy. It was formed out of a split within the center-left Janata Party over the question of the affiliation of some of its members with the RSS. In its previous incarnation, the BJP was known as the Jan Sangh, a party that advocated a philosophy known as “integral humanism.” Paradoxically, this view held that the ills of rampant capitalism had to be moderated with a holistic approach to society, that is, by viewing the “whole” as larger than the sum of its parts. It proposed an “Indian” view of reality, a culturally specific solution to the problems of poverty and exploitation that relied upon democratic decentralization, a philosophy with popular roots in rural India. In its 1985 manifesto, the BJP retained its adherence to integral humanism, attempting to use this grassroots and culturalist concept of democracy, with largely Hindu overtones, to oppose a “corrupt, westernized and elitist” Congress Party. Yet, from the vantage point of 1980 its success would have appeared a dream. Despite Indira Gandhi’s imposition of the highly unpopular Emergency powers in 1975, and the Congress Party’s defeat in the 1977 national elections, the Congress was back in power in 1980. In the 1980s national elections,

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88 Political Articulation: Parties and the Constitution of Cleavages in the United States, India, and Turkey; CEDRIC DE LEON Providence College, MANALI DESAI London School of Economics, CIHAN TUGAL University of California-Berkeley.
89 Gandhi’s assassination in 1948 was carried out by an RSS member named Nathuram Godse.
90 The characterizations of centre and centre-left in Indian politics are fraught with difficulty because of the original alignment of many of the Jana Sangh and BJP members with democratic resistance to the usurping of executive power by Indira Gandhi during the Emergency, and their overall association with popular resistance against the Congress Party’s patronage and corrupt structures. Yet, they part company with the left parties in their strong opposition to a socialist program despite an initially anti-capitalist stance.
91 All its references are to Hindu texts and scriptures, but in 1985 the BJP still proclaimed a “positive secularism” that was not anti-faith but rather respected all religions.
92 During the Emergency period (1975–1977), Indira Gandhi (via the president of India) suspended civil liberties, placed restrictions on the media and freedom of expression more generally, and invoked extraordinary powers for the executive.
the Congress Party won 42.7 percent of the seats, and the BJP was not in the running.93

The BJP confessed internally that it had a “glimmer of hope” that it might pose a “democratic alternative” to the Congress Party but that it looked unlikely for a long time.94

Indeed, between 1980 and 1983, the BJP’s victory was anything but assured. It lost dismally to the Congress party in Delhi and in the Jammu and Kashmir assembly elections. The Congress Party was still considered the dominant force in the country and, moreover, increasingly a legitimate representative of the “Hindu community” because of its growing willingness to speak in religious idiom to broaden its appeal. A crucial factor in the BJP’s success was its ability to steer the course of the rapid political and economic changes taking place, both within India as well as globally during the 1980s and 1990s. First, like the center-right parties in the West, the BJP adopted a flexible ideology, appearing moderate in its parliamentary performances, advocating political centrisim, yet hard-line militarism, while seeking to widen its social and class base beyond the urban traders and businessmen that constituted its early support. As the BJP veteran and future prime minister A. B. Vajpayee stated: “Having tasted power once, we realized that unless we became a party of the national mainstream and enjoyed support from all sections, we could not become a national alternative” (emphasis added) (Noorani 2000:59).

His words show his great emphasis on justice and how he believed it to be the strongest weapon and the very bases of the fight and agitation for freedom and this has clearly translated into our preamble, into the constitution and consequently, into every Indian citizens life.

5.14. Global aspects of Economic Development

When India became independent in 1947 the world was bipolar and divided between two competing blocs. For a country the size of India it was difficult to stay out of the conflicts of the Cold War but it tried because of its political predisposal. There were both ideological reasons and an instinct of self preservation. To maintain neutrality and not enter into alliances became a main course of action. Two important attitudes were political forces created during British colonial rule, namely anti-colonialism and anti-racism. They steered India leftwards, toward socialism and anti-imperialism. India attracted considerable international attention by making strong public statements in support of Indonesia’s struggle for independence from the Dutch, the abolishment of Apartheid in South Africa, and arguing vehemently against China’s exclusion from the United Nations. The combination of neutrality, anti-imperialism, and anti-racism led India to be one of the first nations, together with Egypt and Yugoslavia, to formulate the principles during the meetings in Bandung and Brioni that were to become the foundation for the Non-Aligned Movement.\(^95\)

A moralizing and pacifist aspect was added to India’s political discourse as well. India served as interlocutor in a number of international conflicts, for example in the exchange of prisoners between China and the U.S. after the Korean War. The efforts to get attention in that role in international affairs was an important aspect of Indian foreign policy, but a particular chain of events made it less relevant as time passed. One of these events was the war between China and India in 1962. India was forced to consider recourse to arms and started a nuclear program that was not easy to defend in terms of pacifist principles. This is not to say that neutrality and pacifism were abolished. A self-proclaimed pacifism

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combined with India’s declared neutrality have remained a consistent feature of the foreign policy discourse of Indian governments ever since. India’s place as the world’s largest developing country also led it to assume a leadership role in the so-called Group of 77 in the United Nations. Yet even in this position, India’s own national interests often came into conflict with the ideals that it was supposed to represent on behalf of the smaller developing nations.\textsuperscript{96} Dr Ambedkar gave such constitution to the nation, which is guaranteed the socio Economic Development political development, also provided the special provisions for upliftment of downtrodden community and weaker section.


Just like his colleagues in government, Jawaharlal Nehru, who became India’s prime minister after the assassination, was strongly influenced by the socialist ideals of a Labor-type which were then popular at British universities.\textsuperscript{97} A planned and regulated economic system became the ideal but India’s status as a developing country made it impossible to implement that policy in practice. The development of heavy industry (which was prioritized) received substantial support from the Soviet Union whereas the support needed for other sectors came from Western countries. All in all, the Soviet Union became a model for India, economically and politically.\textsuperscript{98}

Five-year plans were drafted and implemented but they were eventually to be employed as guidelines only, and did not decide production quotas. State ownership was implemented to limited sectors of the economy, while areas such as agriculture remained in the hands of the private sector. Its end result was an increasingly inefficient mixture of

\textsuperscript{96} Ibid., p. 124-134
\textsuperscript{97} The Rise of India: Problems and Opportunities by Ingolf Kiesow and Nicklas Norling, SILK ROAD PAPER January 2007.
\textsuperscript{98} Björn Hettne, Utvecklingsstrategier i Kina och Indien, [Development Strategies in China and India] (Lund, Studentlitteratur, 1979) p. 125.

The system was criticized by Indian analysts but for different reasons. The harshest critics called Nehru’s socialist policies a “socialization of vacuum” as there was nothing to socialize. Import substitution without importing was equally ridiculed. Other analysts argued that India’s problem was that it neither implemented autarchy fully and made the country independent from external markets nor opened the economy to export-led growth following the patterns of South-Korea or Taiwan. Other arguments focused on the combination of implementing a planned economy while failing to socialize the means of production, thus making the plans futile. The dissolution of the Soviet Union came as a shock for the political establishment in India.\footnote{Ibid., p. 48.}

Rajiv Gandhi, who became prime minister after his mother’s death, had already begun to pursue more liberalized economic policies before the Soviet Union fell apart, but some other immediate effects of the shock were clearly seen on the political stage.

5.14.2 An Undecided Foreign- And Security Policy

India’s foreign policy was initially directed toward closer diplomatic and economic engagement with the Soviet Union, yet it did not enter into any formal alliance since that would have undermined India’s proclaimed neutrality. Notwithstanding, this neutrality slowly lost
its meaning as the Cold War balance of power politics forced India to take positions. After China’s invasion of India in 1962 India was forced to look for external support and saw an opportunity in the Soviet Union which by then had rather strained relations with China. Simultaneously the U.S. began a policy of rapprochement with China and supported Pakistan against India and this led India to sign a treaty of friendship and cooperation with the Soviet Union in 1971.

The Soviet Union offered both moral support on the international arena and sophisticated modern weapons that were needed. An article in the treaty stipulated that should any of the two countries be involved in military conflict, both countries would enter into immediate consultation and implement effective measures to preserve peace and security. Henceforth, India was in practice an ally of the Soviet Union. It could buy all the military equipment it needed from the Soviet Union and at a good price, often on beneficial terms. In the end, this also positioned India in opposition to the United States. The tense relations with China continued to be perceived as a threat to India’s security. China began to supply Nepal with weapons which contravened an agreement of friendship previously reached between Nepal and India. China negotiated directly with Bhutan which contravened a similar agreement, which India had interpreted as a transfer of sovereignty to India in matters concerning foreign and security policy. China also negotiated with Bangladesh on the regulation of the water-flow in the Brahmaputra River without consulting India, disregarding the fact that the river ran through Indian territory. Even worse for India was China’s support of separatist movements in the Indian states of Assam, Jammu, Manipur, Mizoram, Nagaland, and Tripura while supplying Pakistan with weapons and missile technology. It

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102 Ibid., p. 47.
should also be noted that China’s nuclear capability has been a constant cause for India’s sense of insecurity.\textsuperscript{103}

After the dissolution of the Soviet Union there was less need for India to bandwagon with Russia and view the US as an adversary. This entailed increased room of maneuver in the execution of foreign policy and potentials for engagement with other countries.

5.14.3 Dr. Ambedkar Has Given The Provision In The Constitution For Economic Liberalization

As per the constitutional provisions Rajiv Gandhi initiated a program for economic liberalization in all areas, which also contributed to improved relations with the U.S., or at least a relationship with fewer strains. The program continued even after Rajiv Gandhi was assassinated in 1991, just as his mother had been assassinated. The Congress Party remained in power as it had been since 1947, and during the leadership of Narashima Rao liberalizations of investment conditions, the capital market, and the exchange rate were implemented. Foreign investments began to increase by the end of the 1990s and during the entire decade annual growth remained at roughly 8 percent year-on-year without inflation rising beyond the 2.5 percent mark. Since then the annual growth rate has been somewhat lower but it still remained above 6 percent. The main problem has been a budgetary deficit somewhat too large even for a developing country, as well as the fact that liberalization could still not be implemented in agriculture and in the labor market. The intended privatization has not been carried through because of resistance primarily from one of the Communist parties, which is needed by the government as a support party in parliament. Despite these difficulties

\textsuperscript{103} Sidhu Singh, Pal Wahegeru and Jing-Dong Yuan, China and India, Cooperation or Conflict?, (Boulder Colorado: Lynne Rienner Publishers, 2003).
India continues to have an annual economic growth of roughly 6-8 percent.\textsuperscript{104}

Soon after the initiation of the liberalization package some negative and unintended side-effects also emerged. Employees in the public sector, representing a large share of the labor force, got relatively low salary increases in comparison to many of those who were employed in the private sector. The discrepancies created jealousy and strains on the labor market.

The gap also widened between the poorest segment of society and the growing middle class, which now comprises about 200 million people. It became more obvious and more shameful to be poor. The rural population engaged in agriculture benefited least from the changes. Most households in the agricultural sector are self-sufficient, they do not make major purchases, and their income is low. They do, however, need to purchase some inevitable necessities, and as these goods became more expensive when income-levels rose in the affluent parts of society, their living standard actually sunk. The numerous tradesmen and retailers in the countryside also found it harder to balance their budgets and make their living.\textsuperscript{105}

All of this created protest movements, and the Hindu-nationalistic parties took advantage of this development and preached “Swadeshi”, literally meaning independence and self-sufficiency, but also related to nationalism. While the Swadeshi arguments were gaining force, increased support of the Sikh uprising in Punjab emerged, further spurring the already existing tensions and unrest in Kashmir, which was also receiving obvious support from Pakistan, and these factors combined further strengthened the nationalistic trend. The nationalists were able to catch a

\textsuperscript{104} 160 Asian Development Outlook \\
great number of votes from the Congress party, which also lost the elections of 1997. A coalition of smaller center-parties failed to agree on a common policy and in 1998 the Hindu-nationalistic BJP party formed a coalition government with a number of similar parties. A few months later the first series of nuclear tests were carried out, soon followed by similar tests in Pakistan.

Although BJP publicly committed itself to independence, public ownership, and Swadeshi, it did not fulfill its promises but continued to further the \initiated waves of liberalization without nationalizing any companies or reintroducing abolished regulations. Furthermore, the BJP government also gradually improved relations with the U.S. This is perhaps best demonstrated by the expansion of the IT-industry and the great number of bilateral educational exchanges. Many of the Indians who went overseas settled in the U.S. and a strong lobby was created around Capitol Hill. The phenomenon was not limited solely to the IT sector but came to penetrate large parts of the entire high-technology sector in which India began to engage with considerable success. Relations with the U.S., both in terms of market opportunities and as a source of technology, were simply too important to be jeopardized with old bilateral frictions. Following September 11 and the launching of the war on terrorism in Afghanistan, support from India were also needed in terms of over flight permissions and communications. India engaged actively and accommodated the requests from the U.S. side, albeit without contributing troops. This opened a new page in U.S.-Indian relations.  

106 Embassy of India: India-U.S. Relations  
5.15 India in Global perspective Energy in India is Public Utility

India is a union of states, and its constitution specifies a division of power in the energy sector between the central government and parliament on the one hand, and state governments and assemblies on the other. The energy sector is basically seen as a public resource, and in each subsector of the energy sector a special ministry is in charge of policy formulation, support in decision-making and implementation by state governments, state-level nodal agencies, public sector undertakings and technical research institutions. Dr Ambedkar has provided in the Seventh Schedule of the Constitution of India a list of subjects reserved for the Union including:

1. Atomic energy and mineral resources necessary for its distribution;
2. Regulation and development of oil fields and mineral oil-resources, and petroleum and petroleum products;
3. Regulation of mines and mineral development as declared by the Parliament.

The central government controls the entire chain of activities in the oil and natural gas industries. As per the view of Dr Ambedkar’s in the Constitution, the power to regulate Mines and Mineral development lies with both the central government and the state governments. However, a special act by the Parliament in 1957 formed a division of powers between the central and state governments, according to which coal is a mineral that is controlled by the center. With regards to electricity, it is a concurrent subject in the constitution of India, implying that both the Parliament and the State Legislature have the authority to legislate on the subject.

108 Ibid., p.4
Dr. Ambedkar provided detailed explanatory notes on the measures to protect the citizen against economic exploitation. He stated: "The main purpose behind the clause is to put an obligation on the state to plan the economic life of the people on lines which would lead to highest point of productivity without closing every avenue to private enterprise, and also provide for the equitable distribution of wealth. The plan set out in the clause proposes state ownership in agriculture with a collectivized method of cultivation and a modified form of state socialism in the field of industry. It places squarely on the shoulders of the state the obligation to supply the capital necessary for agriculture as well as for industry."

5.16 Dr. Ambedkar thought on Selection of Comptroller and Auditor- General of India

Instead of present opaque system, a high level, broad – based Committee should be formed to choose the country’s “most important” Constitutional functionary. The need for a high-level, broad-based Selection Committee has already been accepted for the selection of the Central Vigilance Commissioner and the National Human Rights Commissioners. On what possible grounds can it be held that such a procedure is not appropriate for the selection of the CAG? It is in fact particularly called for in this case, considering the great and crucial importance of the institution of CAG of India. The point is familiar and need not be laboured, but it may be useful to remind ourselves very briefly that the Constitution-makers chose to include the position in the Constitution; guaranteed his (her) independence by providing protection against removal except by impeachment; and prescribed for the CAG an oath of office that requires the functionary to “uphold the Constitution and the laws” and not just act in accordance with them. It may also be recalled that Dr. B.R. Ambedkar considered the CAG the most important functionary in the Constitution, even more important than
the judiciary. The CAG performs the most crucial function of enforcing the financial accountability of the Executive to Parliament, and through Parliament to the people. It follows that the selection of the enforcer of accountability should not be left to the discretion of those whose accountability he or she has to enforce.

Suggestions that criteria and procedures should be laid down for the selection of the CAG are sometimes questioned on the ground that the Constitution does not say so. That is an absurd objection. The Constitution mandates the post; an appointment has to be made to that post; an appointment implies a selection; and selection implies criteria and procedure. The appointment cannot be made by draw of lots. In any case, some kind of opaque internal system is apparently being followed at present. The suggestion is merely that it be replaced by a formal, well-formulated, open system. As Dr. B. R. Ambedkar considered the CAG the most important functionary in the constitution even more than the judiciary. The provision is found in Part V, chapter V of the Constitution of India, Article 148 is about the appointment of CAG but certainly procedure is to be prescribed for the said appointment to make the said appointment impartially. As like the said appointment other important functionary bodies that are Central Vigilance commission and the National Human Rights Commission on appointment of said body the procedure is prescribed but the State has still failed to prescribe the procedure for CAG. The Article 150 is about account of Union and State has to be kept with the CAG, and audit reports under Article 151 are also of CAG which are been laid before each house of Parliament and the report of CAG relating to account of State are laid before the legislature of the State. If the function of the CAG is so important then procedure is

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109 The Hindu, 21st February 2013, Page 10 Editorial, Chennai
110 The Hindu, 21st February 2013, Page 10 Editorial, Chennai
111 The Hindu, 21st February 2013, Page 10 Editorial, Chennai
required for selection of CAG. In other words after 65 years of Independence the State has failed to follow the Constitution in real sense.

5.17 Summary:

Ambedkar’s state socialism advocated nationalization of various sectors, such as insurance.

Dr. Ambedkar recognizes the importance of insurance in providing the state with "the resources necessary for financing its economic planning, in the absence of which it would have to resort to borrowing from the money market at high rates of interest" and proposes the nationalization of insurance. He categorically stated: "State socialism is essential for the rapid industrialization of India. Private enterprise cannot do it and if it did, it would produce those inequalities of wealth which private capitalism has produced in Europe and which should be a warning to Indians."

Responding to the libertarian argument that where the state refrains from intervention in private affairs - economic and social - the residue is liberty, Dr. Ambedkar says: "It is true that where the state refrains from intervention what remains is liberty. To whom and for whom is this liberty? Obviously this liberty is liberty to the landlords to increase rents, for capitalists to increase hours of work and reduce rate of wages."

Further, he says: "In an economic system employing armies of workers, producing goods en masse at regular intervals, someone must make rules so that workers will work and the wheels of industry run on. If the state does not do it, the private employer will. In other words, what is called liberty from the control of the state is another name for the dictatorship of the private employer."

In the words of Dr. Ambedkar the liberty from state control is another name for the dictatorship of the private employer. Whether on labor reforms or on agrarian policy or on the question of the insurance
sector or the role of the public sector in the context of development, Dr. Ambedkar's views are in direct opposition to those of neoliberal policies. Dr. Ambedkar's name day in and day out, do not examine carefully his views on key issues of economic policy and their contemporary relevance for the struggles of the oppressed.112

It is interesting to observe that Dr. Ambedkar’s economic ideas are most significant in the age of globalization. Minorities, women, weaker sections, requires a special support for their sustenance. The private sector in spite of continuous suggestions is not providing reservation to weaker sections. The survival of the fittest is the compulsion of globalization. In this process, third world countries are suffering a great deal in the process of globalization. Here lies the relevance of Dr. Ambedkar’s ideology. In this chapter a thorough survey of economic ideas of Dr. Ambedkar was made, which shows that Dr. Ambedkar’s views are relevant even after 50 years of freedom. Dr. Ambedkar rightly pointed that “Social democracy means a way of life which recognizes liberty, equality and fraternity as the principles of life. These principles of liberty, equality and fraternity are not to be treated as separate items in a trinity. They form a union of trinity in the sense that to divorce one from the other is to defeat the very purpose of democracy.” 113 Thus transforming political democracy into social and economic democracy forms nexus of Dr. Ambedkar’s economic ideology. He realized that without social and economic justice, mere political power of one man one vote will be futile. India has to practice the gospel of Ambedkarism to transform our republic into a welfare state.

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