Chapter-7

-CONCLUSION AND SUGGESTIONS-

i) Conclusion Findings And Suggestions:

(1) The Character and Characteristics -

Dr. Ambedkar has two misfortunes being peculiarly misunderstood in India regarding class and classic. The class has again two misconceptions, first he is regarded from low class, but he was above all social class and secondly, he worked for all classes but was termed for single class. His misfortune of classic has again two misconceptions, his work is classic but over looked and neglected, his thoughts go beyond the western classical and modern also, but were never accepted even as a philosopher or economist, by the common mind. This rectangular dimension affected India and Indian scholarship i.e. Dr. Ambedkar a unique union of Economist and Philosopher.

The present study seeks ways to find the unique Giant-Economist of India, ultimately to the benefit the Indians in the history of Indian Economic thought.

India and Indians are fortunate to have Dr. Ambedkar, but Dr. Ambedkar is unfortunate to have their rectangular misunderstanding. Dr. Ambedkar is a classic in his education, work and thoughts. He had right to be a famous economist at least, but he had never been regarded even as in expert of constitutionalist, socialist, a parliamentarian journalist, and above all a champion of human rights.

The giant of modern economist of twentieth century, J.M. Keynes is openly debated on the matter of Indian currency system, it is hard to Indian intellectuals to over look the fact of Dr. Ambedkar's economic contribution, in thinking and reformation of economic life of Indian people. To talk about the Indian Political Economy without the reference of Dr. Ambedkar’s economic thinking does not mean to be a fool-proof, it must be either knave-proof or spastic-proof, if not going to be a criminal-proof.
Dr. B.R. Ambedkar’s contribution to Indian Economic thinking is varied and diverse. It appears to be a disparate and not in symmetry, scattered, except his academic theses. But still his other writing and speeches are social and national oriented Economic thoughts. His stress upon Legacy of economy and Economic power is not just theoretical discourse but all about practical with a reference to the fundamental principle those are yet to be studied in correct appreciation. In a more positive sense it stands up well before the facts of social and national life.

The classical thinkers cited their theories in absence of social interrelations among the castes and classes. They did not have such a condition to think upon, what can be the economic responses in such a condition, and what should be the modalities to have natural responses to the economic laws. The economic laws always superceded by the traditions of social conditions, feudal system, caste system, religious dominion, in every corner of the world. To think all of them in economics is a rare phenomenon.

Keynes recommended socialistic policy, when his employment theory, was inactive due to social forces. He has got its wit to understand the view of the quarters of Ruskin, Carlyle Marx and Dr. Ambedkar. The State should play a role of referee among the systems of economy under the principles of economics. And it should be as powerful as to overcome any kind of economic destitution and scarcity and with its vested interests and means. Economics is a social science. There are not such a kind of economic laws, as natural as the laws of physics, hence any kind of economic destitution found in the country is result of some misguided values, the diversion of people’s involvement, the thinking and behavior, by which every thing gets loosing the essential economic activity. The nations, like Germany and France and the burnt nation Japan are developed countries. India has all natural resources but she is still a developing country perhaps what we lack is proper economic thinking which Dr. Ambedkar thinks of.

Life of human races has a certain proceeding for advancement in to the future generations based upon the system of information past and the present. The generations who loose this information must vanish in consequence. Dr. Ambedkar gives this information with the touch of
Dr. Ambedkar's Sexangular Vision Of Economics

PROJECTION OF WISDOM
In his Definition Of Economics

Sexangular vision of DR. Ambedkar's economic thinking recognizes the science of economics in its comprehensive reality of all human aspects of life, which exposed him both philosopher and economist, left people in presumption, unable to judge him in a variance from politician or religious missionary.
most modern interpretation. It is the duty of modern Indian scholarship to preserve it, and study it for future generations.

The opinion of general observation that Dr. Ambedkar is an economist was a reflection of Dr. Ambedkar as a politician statesman. He wrote on Indian economic matters when it became expedient to the field of politics. The dominance of political activities overshadowed his study of economics. But this view is wrong and it is not due to what the general observation thinks, it may deem right but it is only because the general observations are limited to the political arena. It is the general substance of the history of Indian economic thinking.

The aspect, which is missing in the general view, is not concerned with what they considered, but it is matter of philosopher and economist. It is a rare union of the greatness. The Indian community confused to establish him as economist only due to his double expertise and by having retention of the six outer principles and six inner doctrines of human existence as we interpreted in his definition of economics. Dr. Ambedkar emerges a unique union of ‘Philosopher and Economist.’

(2) The Characteristics of Dr. Ambedkar’s Economic Thinking -

There are specific Characteristics of Dr. Ambedkar’s Economic Thinking, they are as follows: -

1) Modern Economic Thinking: Dr. Ambedkar’s thinking is a modern economic thinking. It has a base of deep understanding with classical capitalistic, naturalism, and Socialistic centralism, which is a fair reaching to proper nationalism and a guarantee to maximum fundamental rights.
2) Micro and Macro economic thinking: Dr. Ambedkar's analysis it seeks the both micro and macro analytical diagnosis of root cause, of human suffering which may have in diversity, i.e. political, social and cultural.

3) Comprehensive Methodology: Dr. Ambedkar's thinking reflects a comprehensive economic thinking which is an urgent need of a developing or under developed country. It seeks the proper controlling and operational means to automatic checks and corrections of human economic life.

4) Reformative to Capitalism and Socialism: Dr. Ambedkar's thinking is a reformation to both the systems. Dr. Ambedkar believed economics to be an active and reformative to the human life. To place economics merely 'a science of wealth' is no objective to him, he believed a science of human welfare and means of welfare are to be governed by the man himself, it should be rescued on the line of an elite cultural man, which needed leisure for mental faculties.

5) Empirical and pragmatic Thinking: Dr. Ambedkar's economic thinking finds the place for practical experiences of the ideals and deals only with actual conditions rather than traditional principles. Dr. Ambedkar found no hesitation to change the entire conventional ways of solving economic problems of man. Therefore he conflicts in his theory of currency with Keynes and Cannon. Vishweshwaraiya and Government in solving the problem of Orissa and in many other fields of labor industrialization finance etc.

6) Nationalist and Socialist based thinking: This terminology also marks, a slight dodge to Dr. Ambedkar's thinking. In other words his thinking, his speeches are overcharged with a sense of caring India and saving poor people from economic suffering. It is people oriented, people and their suffering, is the central point of his thinking. It is the very reason why he is called the mass leader of India, with these two qualities of nationalism and socialism he deemed to be a politician but he is a combination of economist and philosopher.

Dr. Ambedkar cared India and Indian people. His subjects of study were: 'finance of East India company in British India' 'provincial finance of British India', Problem of Rupee' etc., make evident of him to be a
nationalist, a rare patriot’s throb dared. He never hesitated, to press the matter of family planning and poverty and many other social deficiencies. His hard nationalism to those, ‘who think we are Indian first and Hindu Sikh Isai and Jain after wards,’ he emphatically proclaimed ‘we really want “Indian first and Indian Last”. In absolute words, he is a patriot of national level and lover of humanity of high compassion; the rest of his philosophy is but the spring of his highest economic intellect.

7) Influential to Indian economic thoughts and policy: Dr. Ambedkar’s economic thinking is a pioneer work in Indian history of economic thinking. There were no currency norms and theories to regulate the monetary system of Indian ancient as well as modern regime. Dr. Ambedkar had shaped it. At least after independence Dr. Ambedkar shaped the maximum policy project work, on the lines of his economic thinking.

8) Indirect ruling of economic ideas: Dr. Ambedkar’s economic thinking had been always ruling over the Indian policies indirectly, instead of direct acceptance. He proposed ultimatums with options; therefore people and Government machinery accepted his views.

9) Interconnectivity to other social sciences: Dr. Ambedkar’s economic thinking is worthy of showing the interconnectivity of economics with other social sciences. Dr. Ambedkar’s economic thinking pretends to correlate all these social sciences, all of them needed to be interconnected with ‘Legacy of Economy’ mere market economy with impotent form of Government was not acceptable to him.

10) Interpretation of National development: Dr. Ambedkar’s entire interpretation of economic science relates to national development. But it is different from that of Friedrich List. Dr. Ambedkar created an honorable place for him, he had been given portfolios of ‘labour Member’, ‘Labour Minister’, ‘Law Minister and the chair of Draft Constitution. He recommended ‘partition of India’, Reservation policy and scrapped up the traditional social structure. In fact he acquired national consensus in all these matters despite rare possibility.

11) Rejecting Caste base system: Dr. Ambedkar’s economic thinking rejects caste based social system to govern human social political and
economic life. The placement of abject professions was the trick under the system and no high class dared to go through such professions, the meanest thing was that those who were put in the profession regarded as abject castes,

12) Conflicting with Gandhian Economic Ideas: like Khadi, and his antagonism to machine and science and technology. Again the main thesis of Gandhi where up the confliction arises is his positive belief in traditional caste structure, Gandhi had been on the occasion to the political liberty except depressed, where Dr. Ambedkar was on comprehensive, to all political social and economic liberty.

(3) Dr. Ambedkar and classical and Modern Economists -

Dr. Ambedkar was basically expert of economics, sociology, and political science. While his stay in Landon and U.S.A. he came contact with eminent modern thinkers like Prof. Seligman John Dewey, Prof. Edwin Cannon, J.M. Keynes, Herold Laski etc.

The science of economics is developed by classical thinkers, is an established notion to day, the first terminology of economics is political economy, and hence its primary content refers to the science of State Economy. Chankhya Gupta: Kautilliya is not wrong to write a book of economics, “Arthshastra” belonging to the State of King Chandragupta. Public finance must bear a vital place in such a terminology Dr. Ambedkar found kin interest in this subject.

The Classical economist assigned individual the main role of stressing free unhindered competition. Classical motivated by personal gain to considerations, economists like Adam Smith, T.P. Mathus, Alfred Marshall, David Ricardo, A.C. Pigou, John Stuart Mills, are important classical figures with new classical also believed in the idea of laissez fair.
The most vital specification regarding the classical is that they gave very little importance to the macro economic theory. This gap is filled by few recent modern thinkers Dr. Ambedkar is one of the most important figure among them. But regarding Dr. Ambedkar though he stresses micro economic theory in fact he propounded economics of development he is pragmatic in thinking and empirical to problem solving.

(4) Definitions of Economics -

All the economists define the substance of economics. A gradual development of the terminology used for the definition of the economics. Even the most established recent definition of Samuelson also refers to the concept of development or production. Dr. Ambedkar’s definition is unique in its nature to defer, to define the substance, though used with the same terminology of the western classical and modern thinkers.

Up till now the foregone economists form four kinds of definitions. Chankkya Kautlliya defines economics in a far a better way than Adam Smith. His definition also can be regarded as ‘Wealth Definition’ he says, ‘Artha (=Wealth) is the means of human living, the earth (=Bhoomi) on which man live is a means of man’s living, acquisition of land and its keeping is Arthashastra (=Economics)’.

Where for Antoine de Montchretien and Dr. Quesanay, it is a “Political economy”, for Adam Smith, “Wealth of Nation”, to David Ricardo it is, ‘not inquiry in to nature and cause of wealth of nation, but it should be rather called an inquiry in the laws which determine the distribution of the produce of industry among the classes who concur in its formation’. Dr. Alfred Marshall is quite distinct to define from the traditional way of defining economics, he says, ‘Economics is a study of wealth on one part and also a study of men on the other part, it studies the behavior of man engaged in ordinary business of life, and closely connected with the attainment and with the use of material requisites of well being of man.’ Definition of Marshall is termed ‘Welfare definition’ formers were regarded as ‘wealth definition’. To Karl Marx economics is, ‘study of social anatomy’. For Lionel Robbins economics is, ‘study of human behavior as a relationship between ends and scarce means which have alternative uses’, his definition is termed as ‘Scarcity definition’.
Paul a Samuelson while defining his development definition, it is study of, 'how man and society choose, to employ scarce productive resources to produced various commodities and distribute them for consumption among various groups of society'.

(5) Dr. Ambedkar’s definition of economics -

Dr. Ambedkar defines, 

'Economics, is “a science of intelligent efforts to justify and control the operation of force over the means employed to achieve the ends,” for the welfare of nations'.

His definition to be categorized among the former categories looks simply impossible due its unique nature; therefore it can be termed as 'Universal definition'. The above definition of Dr. Ambedkar considers the following aspects

1) A Science of intelligent efforts.
2) A Science of Justification & Control.
3) A Science of Operation of Force over the means.
4) A Science of Employment of means to achieve the ends.

(6) The Nature of Dr. Ambedkar’s economics -

Dr. Ambedkar’s economics is based upon the socialistic considerations but it does not resemble to the view of socialist. It derives qualities of both capitalism and socialism. But it not likes a mixed economy of India, which allows both the forces in a parallel way. It propounds the inherent mixture of the qualities of the both. The
Contemporary Leadership of India at the time of Constitution Building thought Dr. Ambedkar’s prepositions as a matter freight as if Dr. Ambedkar is proposing the nationalization of entire property of nation and therefore his preposition of State Socialism was neglected that time but in reality Dr. Ambedkar’s states socialism bears the qualities of both the basic systems. There is a provision for private interest and motivation. Dr. Ambedkar expected only ‘Key industries and basic industries’ under the ownership and monopoly of the state. Agriculture and insurance was also brought under the ownership of State rest of all other industries and service sector was open for the private motivation. It is obvious that Dr. Ambedkar state socialism is least socialistic and more capitalistic but more harmonic to control the capitalism and most liberal to exercise the socialism.

The classical economists built ‘Economics’ on abstract ideas, barring the interference of government and benefit to industrialist. Their apprehension was about the economic slavery, which may result due to government interference in economic field; hence they proposed ‘Laissez Faire’. Up to 20th Century, volume of industrial units and firms increased tremendously but monopolistic tendencies crippled along with it, and thus the rise of international capitalism broke out. The weak countries were oppressed by strong. Common man especially labour faced poverty among plenty. Those who were preaching ‘Laissez Fair’ for the greatest good of the greatest number of people’ shutdown their mouths and ‘Statism’ was advocated for the economic betterment.

It is evident that Dr. Ambedkar’s economics is based upon values. It studied economic activity from the point of view of its effect on human welfare. It concerned with economic realities, but in relations to man and his choices only. What matters much is the distribution of wealth resources and opportunities equitably, among the common people. In this respect he is in acclaim of economists like Sismondi, Ricardo to whom the problems of people were more important than any other economic theories. Dr. Ambedkar’s ‘Legacy of Economy’ ultimately acclaimed with these advocacy. The obligation of State and welfare of the people became the single doctrine of double aspect.
The changing patterns of Indian Economy -

Economic Liberalization - Under the economic reforms, Indian trade and industrial policies are liberalized. It is thought consistent that Indian economy was to be brought in to contact with global economy. The forex reserve and inflation rate, etc reveals the liberalization brought positive results, but many factors are there which sustains the crucial strategies for the existence of Indian industries. The home capital and foreign capital increased remarkably. It has created a tremendous competition among the foreign goods and Indian products. The competition is going among inequities, which was the crucial point of Dr. Ambedkar’s view. The principle of market liberalization should not presuppose that the weak must not last long and the strong may go stronger up to any extent.

The recently formed Competition Act in place of MRTP, to curb the big units. In India where law and order is always in doubt, the Competition Act also will have to be in the same doom. But what de facto effect will be seen in long run that Indian small and cottage industries will loose their existence, which is the basic nature of Indian Industries. The effect of the competition among the unequal and basically with Indian industries give effect to a social problem of disparities and inequalities. The act can be termed as, ‘snatch the least of poor and grant it to the rich’. The slogan of ‘Swadeshi’ may be kept out, under the extravagance but the possible replications cannot be avoided. Indian Government has to pay some protectionist view regarding Indian industries. She can even amend the Constitution for this purpose.

The basic ideals of Dr. Ambedkar are laid on the socialist State. The Indian government could have brought the liberal policy before the present economic reforms but it did nothing. The basic reason was that to keep the monopolistic State of Indian big capitalists. The IMF and World Bank pressure had pushed it to bring out these economic changes. It is fortunate to have changes but unfortunately IMF and World Bank are driving them. Under the view of Dr. Ambedkar it can be said that ‘Economic Democracy’ and ‘Economic rights’ were restrained under the name of law and regulation. The present changes are not entirely contradictory to the view of Dr. Ambedkar, those years lost during independence must be justified with the Indian businessman and
unemployed educated youths. Now with reforms they are caught in clutch of competition with outer international levels of big corporate. No proper chance was given to the internal competition. Therefore policy formers and implementers must have to consider the Indian interest and the poor communities and backward communities educated youths must be assisted to build up their own business, and there should be a provision of service reservation in private sector so as to maintain the spirit of Indian Constitution and the social balance. The importance of these provisions will prove to be true when these foreign companies will stabilize their establishment in India, and to face with them will become critical problem. The social balance of representation would be protective to Indian spirit.

The concept of privatization is basically to give maximum rights to an individual, and making free all the natural means to private institution so that, with his capacity he can derive maximum wealth and welfare from the natural resources.

The controlled economy is to be operated by State to provide maximum benefits to the masses and the sole purpose is to break the monopolistic firms or business organization who is nothing but only exploding by the way of monopoly over the customers. In the olden times in India it was not available such an agency who can control economic activity for the welfare of masses. Instead of it, there was fully organized society, based upon caste structure. The higher classes enjoyed the benefits of the social wealth and deprived the lower from it. It was also an organized monopoly in one kind. To break it was a need of time without which comprehensive welfare of entire society was impossible.

India after independence adopted mixed economy under the values of 'Welfare State', rather than a Socialistic State. Under the market mechanism, fifty year of independence brought India on the verge of Capitalistic State. How the values mistake its place and gradually loose into different direction can be realized in India’s context. India is unknown of the effects of capitalism, which Europe saw during the early nineties.

The capitalism is stronger than socialism. It is strong in the sense it demands more discipline of the State. It is a double sharpened weapon;
lack of disciplined operation can cut own limbs. Why in American labour law, 'Siesta' has a legal status? It will be nonsense to think that Indians already snore at work hence no need to allow such provision. The ways and means and their disciplinary methodology under the value of such need really differ all the matters. It is understandable to enquire why USA government investigate and make provisions for unemployed people's standard of living. They are seeking methodologies to bring accuracy, so as to bring optimal standard of living of unemployed. To maintain capitalism is a far more difficult job for a government in home inside and out side as in economic relations to other countries also.

Indian people have every potentiality but regarding rights, to give and to take, we loose the essential. The role of government is quite important to maintain the open market economy but it also requires the proper education of the market economy to every consumer. Government has to maintain the average quality of products and also a consumer must bear the knowledge of competitive prices.

After India's independence the representation of constituent Assembly must have dreamt of well being of the people of India but how and why was missing. Because nearly seven thousand quarries are claimed on Dr. Ambedkar, but he agreed to answer only two and half thousands of them makes evident of the missing. The responsibility and obligation of an independent Indian Government to execute India's political democracy in to a social and economical transformation was the essential root feeding for India's prosperity. It is quite difficult to realize the matter. The spirit of it can be perceived in his words only.

Dr. Ambedkar pondered at the constituent Assembly's third reading, 'Independence no doubt a matter of joy. But let us not forget that this independence has thrown on us great responsibilities. By independence we have lost the excuse of blaming the British for anything going wrong. If here after things go wrong, we will have no body to blame except ourselves. There is a great danger of things going wrong. Times are fast changing. People, including our own being moved by new ideologies. They are getting tired of, government by the people. They are prepared to have government for the people and are indifferent whether it is government of the people and by the people. If we wish to preserve the constitution in which we have sought to enshrine the principle of
Government of the people for the people and by the people, let us resolve not to be tardy in the recognition of the evils that lie across our path and which induce people to prefer Government for the people to Government by the people nor to be weak in our initiative to remove them. That is the only way to serve the country, I know of no better. 1.

(8) ‘Finance in India’-

Dr. Ambedkar’s Study of Finance Under the British Government the Evolution of provincial finance was gradual transformation of freedom, from oppressive means to freedom imparting to Indian people, though it was not political or Economical in total.

The study of ‘Provincial Finance’ was sequential study to the study of ‘the Administration and finance of the East India Company’ the former suits of to the later more intensively as ‘Origin of Provincial Finance’. By way of the occasion to inquire into the subject of ‘finance’ the positive force of Dr. Ambedkar’s intellect and logic invested for the purpose of investigation of how to make possible the withdrawal of the desired results of the resources available for the better foundation on to the State of India. His definition of economics and finance propositions are the keys to achieve the desired inspirations in this regard.

Dr. Ambedkar seem to be a man of tremendous potentiality of creative thinking when we see his flairs of studious scholarship, since his early higher education, till his last breath. Those subjects of finances studied at his higher education level his dissertations reveals the fresh and clear understanding about the subject, in absence of any glimpse of his becoming the architect of the Indian Constitution, where in he had to make provisions of Finance of the new independent country. And the

1 Dr. Ambedkar. Vol. 13, P.1218
miracle is that all this had happened under the most adverse conditions of economic and social, nowhere to be compared.

As per the guidelines and demo of his definition of Economics, the successful courses occurred during the evolution of provincial finance in British India looked from his equation of economics i.e. his definition and guidelines of economics, it is not easy to neglect his propositions. Imperial and provincial Governments were not only justifying but also controlling the operation of force over the resources of finances employed to achieve the desired targets of finances, which they received in positive results. Without any justification their operation showed lack of finance. The positive and surplus finance is achieved with justification and control, but with that Indian provinces got liberty i.e. a share of common mandate and consequently at least Government of Indian people under British regime.

Dr. Ambedkar’s entire discussion, on finance of good Government and good system of finance of India i.e. "The primary solution is that there should be an undivided government with collective responsibility" signifies marrow behind it. It is its total independency of provinces and strong united government of India, which without any change of view he incorporated in the Indian Constitution, when he had been to have the Chairmanship of the Drafting Committee of the Constitution of India. Dr. Ambedkar’s inexhaustible discussion over the financial subject of India has a tremendous potentiality to guide the India’s financial problems.

(9) Anarchy and Diarchy –

Dr. Ambedkar posed on defiance condemning the “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”. 2

1 Dr. Ambedkar Vol. 6, P.307
2 Dr. Ambedkar: Vol. 6, P.307
To Dr. Ambedkar 'hybrid executives, and their divided responsibility means the British administrators which are the products of diarchical system of government, which British were carrying in India. But if there are irresponsible faults in the system of government and allows a room to corruption the stage is no least than diarchy. It may eat up all revenues of the Government and people and sustains the loss of nation without any development. The scandals in Indian economy are comparable next to none.

(10) The Strong Union (Centre) and Finance -

Dr. Ambedkar had a positive outlook regarding the strong Centre which Indian conditions built during the British rule. It should be consumed for the building of strong Union Government. Under the interpretation of Dr. Ambedkar, government of India can seek to initiate the system of the contribution to eliminate the grave situation of 'deficit'. It is the most important area of further study that is to be operated under the vision of evolitional study of Indian finance made by Dr. Ambedkar, the findings and suggestions in this regard can vary as per the study.

Dr. Ambedkar's analysis and interpretation has the distinct features of beginning and end on any subject of Economics, history, and anthropology political or sociological. Diagnosing any problem and suggesting solution to it, he has comprehensive insight of observation and to conclude the issues to find a means to an end. He touches to those aspects those primarily seem to be indifferent to the original subject for example: Critique of Reforms on the subject of finance he focuses on the single subject in analysis and interpretation. At the end he concludes on various aspects those are responsible for the bad finance of the Indian Government. He not only accosts to the political community but also leaves no room to social reformers to escape.
(11) Accounting and Auditing -

What Dr. Ambedkar by means of his thesis on the subject of 'Evolution of Provincial Finance in British India' discussed is to refer only the problems of Indian finances. The system, which lay down under the British India, very little changes had been made in its system. Hence the problems of finances of India only can be solved through the more extensive study of the treatise of Dr. Ambedkar on the subject of finance, and it is the need of time. So that a particular reference to make exact determination of draw back of Indian finances with regard to the existing position of the independent India, after for the promotion of Indian finances system.

In Indian finance system the responsibility of the Office of C.A.G. comptroller and Auditor General of India is not supported by the system of law and judiciary. His position is more important than a Supreme Court Justice. In India the system of accountant and auditing is far behind from advanced. One wonders how accounting can also keep the work of auditor of his own accounts. Dr. Ambedkar recommends separation of powers. Indian audit is not governed by the Law but by the executive orders. In Britain and USA there is statuary provision. Indian audit is mostly limited to the expenditure side only, the concern of receipts is given importance to those items that executives give importance. Indian audit is legality audit. Its question was never seen as to the merit of expenditure. Executives conduct audit and reports also are submitted to the executives. The further research is a crucial need in this field for reforms.

'Currency and Exchange in India: - His Study of 'the Problem of Rupee,' can be concluded as a primary observation of events. Since in the contents of 'Problem of Rupee' two distinct flows can be observed that, first is regarding the events taken place in India with regard to the monetary changes and secondly the critical analysis and observation by Dr. Ambedkar. Therefore it is essential to conclude this topic in two different contexts.
(12) Events Of The Problem Of Rupee -

1) As per Dr. Ambedkar, at the end of the 18th century, with the deterioration of administration of the Moghuls, there was no uniform monetary system in the country. A large variety nearly of one thousand types (as per plates i to xxxiv) independent coins of gold, silver and other metals, of varying weight and fineness were circulating in the country. Confusion reigned not only in politics but also in currency and thereby in economy. The staggering multiplicity of coins hampered trade and commerce. Besides it made collection of revenue highly difficult.

2) When the East India Company came to acquire power Dr. Ambedkar noted that commercial business suffer seriously in the absence of an uniform measure of value and company attempted at the improvement and reorganization of Indian currency. From the Moghul Emperors it got the right to issue coins through their own mints in Bombay, Madras and Calcutta,

3) But initially they decided to issue both gold and silver coins having a standard weight and a definite legal ratio (15:1) between them to meet the various susceptibilities of local inhabitants. Dr. Ambedkar said, this bimetallism proved failure due to Law of Gresham and only silver coins were in actual circulation. They thought the natives had no special attraction for gold. By the Gold and Silver coinage Act of 1835, the silver rupee (180 grains and 11/12 th fineness) was made unlimited legal tender. The face value of the rupee was made exactly equal to its intrinsic value. The mints were open to the free coinage of rupees, but a slight fee was charged to prevent too much rush. In addition to the legal tender, gold mohurs and gold coins were issued if so requested by the public.

4) Dr. Ambedkar remarked the dislocation of gold parity relative to the discovery of gold mines in Australia and California during 1848-51 affected significantly the currency situation and there was a heavy fall in the value of the yellow metal. It was found to be over valued and a large amount of gold coins were tendered to the Government leadings to a serious loss. Gold had to be demonetized in 1853.
5) However powerful the business community and others made representation for the introduction of gold coins. The Government wanted expert advice on the subject and appointed the million Mansfield Commission in 1866. The Committee, among other things recommended, gold coins of Rs. 15, 10, and 5 should be issued. The currency should consist of gold, silver and paper and issue of 'Universal Currency Notes'. The third recommendation was carried out in 1908 with the issue of Rs. 5 notes to be legal tender throughout the country. Other denominations came later. Dr. Ambedkar noted, but the introduction of gold currency remained a matter of controversy and a subject of animated discussion.

6) Dr. Ambedkar explained that, in the seventies another difficult situation arose due to the discoveries of silver mines and highly improved techniques of extraction on the one hand, and decreased demand for it on the other. The value of the silver rupee in terms of gold fell from 2 sh. In 1871 to about 1 sh. 2 d. in 1892. The exchange rate of the rupee fell from 1 sh. 11 d. in 1872 to 1 sh. 1 d. in 1894. As a result, the Government was faced with a grave financial problem. With every fall in the price of silver, the burden of "home charges" increased leading to large remittance of silver rupees, more and more additional taxation, fluctuations in the exchange rate, element of uncertainty in trade making it a gamble. The export trade, so vital to the then Indian's economy, was hampered. The European officials who remitted payments abroad claimed compensation for the loss incurred by them as a result of the fall in the exchange rate. Besides, European officials could not be recruited as the value of the rupee in terms of foreign currencies was falling and consequently, the sterling value of their salaries was diminishing. British capital was reluctant to enter India as a result of uncertainty regarding the real value of interest payments and capital investments. The people in India purchased the cheap silver and minted into rupees in Mints, increased volume very greatly. The consumers and wage earners suffered. There was agitation for reform.

7) The Herschell Committee of 1893 recommended that,
   a. the mints in India should be closed to the free coinage of both silver and gold, but the Government should have the liberty
to coin rupees if so desired by the public in exchange for gold at the rate of 1 sh. 4 d. to the rupee,
b. The rupee should be a token coin, but legal tender and
c. Rupee should be issued in exchange for gold at 1 sh. 4 d (gold) Gold should be received at the Government treasuries in satisfaction of public dues at the same rate of 1 sh. 4 d. per rupee. These measure were transitional measures, but should be introduced. The full gold standard after some time of falling exchange.

8) The Government accepted the recommendations to amend previous Act, It provided for the immediate closure of the mints but retained monopoly to coin rupees on their own account. In addition to the Act, three administrative notifications were also issued simultaneously:
   i. Providing for giving rupees in exchange for gold coins and bullion presented at the Indian mints at 16 d. to the rupee
   ii. Authorizing the receipt of gold sovereigns in payment of public debt at the same rate and
   iii. To issue currency notes from the Paper Currency Officers for gold coin or bullion at the same rate.

9) Dr. Ambedkar explained that in 1893, the rupee had come to an equivalent to 1 sh. 4 d. in exchange value. The time now seemed to have arrived to place the Indian Currency on a gold basis. This led to the appointment of the Fowler Committee in April 1889 under the chairmanship of Henry Fowler. The Committee reviewing the various changes since 1893 and considering the future of the Indian rupee conclude against the continuance of the Silver Standard and wanted the adoption of the full fledged gold standard.

a) The British gold sovereign and silver rupee should unlimited legal tender and also open gold mints for sovereign but silver rupees should not be coined until the proper proportion of gold coins volume of money.
b) Created Gold Standard Reserve should be created in London for the exchange value purposes.
c) Government should buy gold bullion against currency notes and silver rupees but need not redeem into gold coins till sufficient gold reserves.

d) Government should supply gold for export, if the exchange value of the rupee showed a tendency to fall below the specific point. Sterling exchange rate for the rupee should be fixed at 1 sh. 4 d.

Dr. Ambedkar noticed, though the Government accepted 'Fowler' and passed legislation to give life to them, they could not be implemented due to the opposition of the British Treasury to open a separate gold mint. Government abandons everything except the effort to stabilize the exchange rate at 1 sh. 4 d. this was the seed for the inception of the gold Exchange Standard.

10) Dr. Ambedkar analyzed the change over to exchange standard, the gold exchange standard period was during 1900-1917. Under the new currency system, the local currency consisted of silver rupees and paper currency notes. The rupee coin was convertible into pound sterling at the fixed rate of 1 sh. 4 d. and since the pound sterling was freely convertible into gold, the Indian currency was linked to gold through the pound sterling. The Government of India maintained the Gold Standard Reserve and Paper Currency Reserve in London though a branch of each was located in India also. The important feature of the gold exchange standard in India was that the rupee exchange rate was fixed at 1 sh. 4 d. and it was decided to maintain this rate. Rate could not rise above 1 sh. 4.1/8 d. per rupee. Secondly, the fall of the rate below 1 sh. 4 d. was disallowed by the sale of Reverse Council Bills (i.e., sterling drafts drawn by the Government of India upon the Secretary of State for India and sold in India.) The Indian Government at 1 sh. 339/32d sold these drafts. And were payable in London out of the currency reserves kept there.

11) The selling of the Council Bills in London was a continuous process as well as necessity because India experienced favorable balance of trade nearly every year. The import of gold as a result would have been quite expensive, since the same gold had to be again exported from India to England to meet India's Home Charges in
London and also to keep part of India's Gold Standard and Paper Currency Reserves there.

12) The Chamberlain Commission, known as the Royal Commission on Indian Currency and Exchange appointed in 1913 in which John Maynard Keynes was a member, openly praised it. This Commission appointed to enquire into the methods of maintaining exchange rate and report if the existing practice was conducive to the country's interests. Dr. Ambedkar noted the double standard of recommendations of the Committee, as-

- e) Gold Exchange Standard was suitable for India and the country neither desired nor needed gold as currency.
- f) The Government should set up of a gold mint, if it was necessary to pacify the Indian sentiment.
- g) The Gold Standard Reserve, with no maximum limit should consist largely of gold and should be located in London.
- h) Elasticity of the currency system, by issuing notes against securities should be encouraged, and 500 rupee notes should be universalized.

13) The Report of the Commission was published in February 1914 and in July of that year the First World War broke out with the result that the Government could not act upon most of recommendations of the Commission. The Gold Exchange Standard, which worked, reasonably well between 1900-1907 broke down in the middle of 1917 and was given up. The success of the Gold Exchange Standard depended upon the token character of the rupee and the maintenance of the exchange rate at 1 sh. 4 d. But during the First World War, the price of silver had gone up to 2 sh. 10-1/2 d. in the beginning of 1920. "Thus meant the breakdown of the system.

14) The Government appointed Sir Henry Babington Smith as the Chairman in 1919. The Committee came to the conclusion that, Dr. Ambedkar marked the misguiding way of Commission to link the Rupee with gold ratio. Commission suggested that, to linking the Indian currency to pound sterling against those of linking it to gold directly. They concluded that the rupee should have stable relation established with gold as a safe ratio, which would keep the rupee a
token coin. This would restore the working of the Gold Exchange Standard as before. Accepting the majority recommendations, the Government fixed the rupee sterling exchange at 2 sh. Unfortunately, circumstances proved unpropitious for the new ratio. As a result of the unfavorable balance of trade and continued high level of prices the balance of payment position remained adverse and this tended to weaken exchange considerably.

The Study of ‘The Problem of Rupee’ gives off shoots to the formation of the following conclusions. Which has tremendous potentiality to build further Theories of Currencies: for research purposes they can be hypotheses to further studies.

1) Debased money more than an average debasement must loose the essential currency value and because it bears no value and needed to be scrapped.

2) The Denominations of a currency are stocks of values and affects the general price level.

3) The plurality of Denomination to it lower extensions helps to increase the value of currency and comparatively less plurality of Denomination to its higher extensions helps to decrease the value of the currency.

4) The Gold is a major correspondent stock of wealth of currency and plays vital role in exchange value of a currency.

‘A decrease in the price of gold in a country shows increases in value of the currency and increase in the price of gold shows decrease in the value of the currency of a country.’

5) The capability of a fair system of exchange standard or full convertibility potentialities of a nation is a march towards a sound system of currency.
(13) The Indian Rupee and The British Rule -

There was a mistake of the British when Fowler committee. Recommended Gold Coins with Silver Rupee. But it was to be ‘Sovereign in Gold’ and Rupee in silver bullion. Under it sovereign was coined in gold. Which should be a ‘Mohor’ in place of ‘sovereign.’
This can be an area of further study: The implication that, why India lost Gold Coins, and what can be the possibilities to restore it either at exchange level or at least on full convertibility strategies.

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(14) Dislocation and Illusory Credit money -

The issue of paper currency by British Government of various irrespective denominations to the existing average transaction level was meant to value less credit money, unless converted in to silver Rupee currency. But as intended by British, misguided people by issuing paper currency. The British monetary system in a different way, to transact Indian People, without any doubt of their ill will. The paper currency afforded a facility to transact and made liable to the people to tender tax in British Government Treasury and remain deprived of the bullion currency. When, how and where to afford the facility of converting the paper currency, was made a question to Indian people. The centers were very few. British intended that people of India should tender gold coins in treasury of British Government, and jolt people from their real money while holding paper money at hand.

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(15) Dr. Ambedkar and Planning -

India is under grave problem of surplus population, but government is not responding to proper measures of actions on facility planning, as it was the serious proposal of Dr. Ambedkar in 1938. After sixty years the proposal still urges better programs. The population has created many problems of unemployment and poverty. Dr. Ambedkar suggested the rapid industrialization. The liberalization process is bringing out the some major changes in private sector. But Dr. Ambedkar’s proposal was more at government and public undertakings. But it is not the desired from mixed economy he wanted it under state socialism.

The best option for Indian Government today from Dr. Ambedkar’s proposal is to interlink the India’s big rivers as an aspect of transportation through the formation of The Central Waterways of India. If it is possible without privatization of the Railways that will be the best, which will give a favorable economic condition to India and it is without any contingencies of political and global conflicts. Indian government planning should be concentrated upon the program to shorten the period of the plan. At least at the mid outset of the program it should fix a time limit. On this issue government is not getting proper success due to its scattered small unit proceeding with this programs. There should also be proper selective policy while execution of projects and their regions regarding the hydrographic geology of India.

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(16) The State Socialism -

His advocacy of state socialism, and inclusion of the principles of socialism in the directive principles of State policy, and adoption of parliamentary democracy as means to establish socialism aimed for the welfare of the poor classes, ending inequality based on birth, eliminating discriminatory practices in social patterns, reorganizing the political
economy for the benefit of all, maintaining full employment and education, providing social security for the weak and the sick, and finally rebuilding Indian society on the foundation of cooperation, love and friendship.

The trend toward this aim in Indian society could be accelerated by conscious democratic efforts. Only educating the people and struggling for democracy in social and economic levels, not merely resting upon political, could accomplish the aim. Land is the core factor of wealth expounded by Kautilliya where Smith believes in gold, which seems to unaware of the source of gold. Dr. Ambedkar held the core factor of the wealth and recommended an adequate size of land to be possessed by the state to sustain its own existence.

His idea of nationalization of agriculture was realizable, because it was the essential feature of his approach to economic problems under the demerits of laissez faire and scientific socialism. Therefore, mixed economy was the cornerstone of his philosophy. He stood for the progressive transformation of society, removing glaring social and economic inequalities that were due to the capitalist system. His idea of economic relationship was rational in so far as it insisted on the economic welfare of the poor sections of society and regarded economic values as a means and not as an end in themselves. But the Indian mixed economy lost to carry the real qualities of both the systems capitalism and socialism. In India they became parallel, which should be intrinsic, in its inherent qualities of Dr. Ambedkar’s State socialism imbibed.
(17) 'Labour’ and Social Theory of Labour Exploitation -

It is generally argued that caste structure is a division of labour and based upon the vividness of nature. But this is not reality; under the caste structure it was not only division of labor but also a division of laborers also, which sustained abject value to humanity. It is not only contradictory to human nature and also against the natural skill-fullness of man. It created skill in the castes but objected its nature, which was detrimental to entire humanity, if allowed to exist as a law of heaven. The affirmation of the exploitation needs its restoration due to deprivation imposition and exploitation.

(18) Individual and Social Consumption -

Consumption of property at the social group level must be thought and be determined and it should be expected in desired attitude. But if few are enjoying the property of entire society, that may create a malady and affect the harmony of nation. The consumption function of Dr. Marshall cannot work here if things are thought in totality, as individual welfare is less important that the social welfare, then why not this thought of total social consumption should be taken into consideration. In the caste structure of society the rules of economic benefit and consumption for down trodden and for upper caste were not common. The justification of it thus made a difference and hence necessarily differed the value of welfare and justice. It is one of the core aspects of social justice of Dr. Ambedkar.
(19) Welfare and Justice -

When the bare battle of political liberty was fought by the contemporary leaders, Dr. Ambedkar was fighting the more battle of socially inflicted political and economic liberty which was in his view was basic and should be resolve at first rather for political. Both the battles were having concern with the liberty of Indian people, hence one of the most important turns cropped up and the turn was that where these both forces of liberty stood up face to face and called up the demanded Judgment, the crown of judgment was in the hands of Dr. Ambedkar.

The requisition was about to the acceptance of Dr. Ambedkar's proposal, no other means was left hence obstinate means were operated to take hold of the crown. Dr. Ambedkar agreed joint electorate for the sake of home bloodsheds. How the sacrifices are required for the social welfare and justice can been observed in Dr. Ambedkar's thinking.

(20) Labour Organization -

An organized society must meet the needs and achievements. Various unorganized societies are the real constituencies, which can lack the achievement of their needs. The geographical constituencies are not real; hence independent electorate is needed to unorganized societies to meet their ends. The correct location and the need and correct means of representation, is an essential factor. In the light of this consideration labour organization is needed.

Unorganized labour is more dangerous than organized because a single fallen labour becomes the subject to law. A mass of fallen labour becomes the subject to Legislation and not to law. Unorganized labour can spoil the system. Hence a country of surplus population and poverty needs a labour government rather than a capitalistic.
Labour primarily treated as a factor of production Labour is considered as important than any other factor not only for its productivity and active role in the factors but Labour is the only factor which makes entries process of production alive. This labour needs to be organized and their increase of number makes extinction of law. An organized labour must fall in the system of law and maximum to the level of legislation only.

(21) The Changing Patterns of Industry-

Dr. Ambedkar's State socialism under parliamentary Democracy is an open proposition for the reformative process of India. Dr. Ambedkar wanted structural change in social as well as economic fields. At that time the feature of international institutions like UNO and allied organizations were not in existence as an international economic force, like general trade agreement (GATT) and WTO.

The Reformations, which are taking place in India, are mainly due to international economical force. Indian traditionalism is breaking due to this phenomenon only. Dr. Ambedkar's State socialism, which means the most possible middle path of market economy, and socialism, bearing essential qualities of both the systems, it makes obvious that Dr. Ambedkar rejected absolute market economy only because of the contemporary condition of the labour and low castes. There was no protector to them, if economy handed over in free market. It was the possibility felt by Dr. Ambedkar that the socially and economically dominant class with his wealth and capital will keep on the same exploitation exercised down the ages, hence he had to preserve them from this possible malady which generally occurred in the progressive country.

The results of the nationalization of Banks and Insurance, in India at least on average base can be a treated as a measure to delineate the scheme of State Socialism in the key and Basic industries, the rest of the factors are to be same, as a Government was to function on parliamentary system. And a big zone of other industries and vast zone of service sector was kept open for private initiatives to run after and gain in.
The literary work of Dr. Ambedkar is a jungle itself. But a jungle of Ambedkar's literary work is again a task to be understood *de-facto*. It is affected more or less affair *d'honneur* rather than placing the ideals *adream*. Most of the writers pointed him as *bel-esprit* rather than the purpose of the subject. It is inevitable while depicting a biographical work; writer has to be pithy towards the subject person. But on the subjects and principles that are to be discussed on different issues, writer goes on both sides to remain *aqua amino* for the conclusions.

Since 1920 writers and critiques are emerging to comment on the work of Dr. Ambedkar, in the beginning most of the writers put there say *matandis*. The course of comments and arguments went on till 1950.

In 1956 when Dr. Ambedkar was to embrace a new religion, the stake again reiterated and most renowned figures commented on his conversion to Buddhism. Everybody was in the fix that Dr. Ambedkar did some thing wrong. India lost the most important comment of Mahatma Gandhi who was passed away at the time of embranchment.'

But after words during the course of time people, and those who were anti of Dr. Ambedkar began to understand him, and gradually a large number of writers emerged to write on him. Almost all with their views and writing turned into an affair *d'honneur*. People started thinking from the point *de-jure* and the point at understanding the subjects issued by Dr. Ambedkar.

But the day when people will develop insight in his economic thinking, it will be a grand day of welfare to the entire individuals as well as societies of India.
**ii) Suggestions for the Area of further Study –**

The present study attempted to analyze Dr. Ambedkar’s economic thoughts especially in relation to Indian Economy. However the sweep and content of the subject is so vast, that a single study like the present one would be inadequate to bring forth all the ramifications in all their details and would not do justice to the great economic thinker. The following are the areas for further Study:

1) The possibilities of the operation of contribution system in Government of India’s finance to overcome the grave problem of ‘Deficit’.

2) The principle of the Strong Union has various implications and possibilities in the field of present economic reforms.

3) The Finances of British India and Dr. Ambedkar’s principles of Public finance.

4) Theories and principles of the Problem of the Rupee.

5) The proposition of the State socialism: A model Economic system, facts and possibilities.

6) Economic Holding: Principles and Application possibilities.


8) Labour and Industrial policy of Dr. Ambedkar.

9) Water policy principles of Dr. Ambedkar: An interpretation and application of his theories with reference to his water policy projects in India.

10) The approaches to the socialism: Traditional and Scientific and the socialism of Dr. Ambedkar.

11) The economics of Development with reference to classical and Dr. Ambedkar economics.

12) The substance of the science of economics and Ambedkar’s view.

In this way it is necessary to undertake an in depth a microscopic study on various aspects like economic thoughts vis a vis Indian
civilization & culture. Similarly studies can be fruitfully undertaken on the validity of Dr. Ambedkar's view on rise of fall of Indian foreign trade, their causes & remedies. A similar studies can also be undertaken on in furtherance of Dr. Ambedkar's economic thoughts on socio, agrarian reforms, Constitution making process, labour reforms and legislations, India's commercial geography and advancement of commerce, etc.

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Supervisor

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