In this chapter, we discuss Thorat views on thoughts and ideas of Dr. Babasaheb Ambedkar. Dr. Babasaheb Ambedkar began his academic career as an economist. He obtained his PhD in economics from Columbia University (USA) in 1913-16, and DSc, also in economics, from London School of Economics (UK) in 1917-18. Both the PhD and DSc these were published in the early 1920s. As an academic economist Ambedkar has made significant contributions to the various fields of economics. In the early period of his academic career (1915-25) the focus of his writings mainly centered on the themes like public finance, monetary and international economics, particularly during the colonial period. In later period the focus shifted to other economic issues. Later period’s economic writings covered a wide range of interrelated issues, varying from perspective on economic development and planning, economic system, to political economy of caste system and others. Besides academic writings, he was also involved in actual process of policy making and economic planning, particularly as a minister (in charge of labour, irrigation and power portfolio) during 1942-46. Ambedkar also views on several policy issues in Bombay Legislative Assembly and in the parliament as a member of these bodies, particularly on the issues related to water and power development and labour (Thorat and Aryama 2007). Thorat focused number of issues on the thoughts of Dr. Babasaheb Ambedkar. His writings include the issues of Ambedkar’s contribution on economic development, planning, economic system, labour policy, political economy of caste system, social and economic consequences of caste system, water policy, multi-purpose reservoirs and regional development, slavery, caste system and untouchability, education and caste system (Thorat 1998).

12.2 On Economic Development

Thorat examines Ambedkar’s views on the economic development since 1918. Ambedkar expressed his views on the problem of small holdings in India and its remedies (Reference). According to Thorat, although his paper focused on the problem of small holding, in its formulation and implied solution, it contained a theoretical framework for economic development. Beginning with a discussion of the problem of arising out of the smallness of land holding, he went on to analyze the backwardness of the agricultural sector as a whole and ended with proposed
solution of capital investment in agriculture and industrialization for the overall development of the economy (Thorat 1999).

Thorat analyses the theoretical logistics of the proposed strategy of Ambedkar’s analysis that covered the issue of how to enlarge small and scattered land holding. According to Thorat, underlying assumption was that fragmented holdings were too small to be economically efficient. Other scholars argued that the solution to consolidate small and scattered holdings was through voluntary or compulsory exchange of owned land. Therefore, for them the question of enlargement of farm size was a practical program to be realized through administrative and legal measures. For Ambedkar, consolidation of holdings was a practical program while their enlargement was a theoretical one, demanding discussion of economic principles which could be said to govern the size of the farm. He argued that the evil of small land holdings in India was not fundamental but derived from the parent evil maladjustment in her social economy. Maladjustment resulted mainly due to disproportionate use of inputs. While capital was scarce in relation to land, and land (agricultural) was scarce in relation to rural populations, the stock of labour force was disproportionately high. The availability of land and land capital in relation to each other being limited, this posed major constraints on the optimum use of resource inputs. Ambedkar provided extensive evidence for the decline of average size of land holdings and the deficient use of capital goods and implements in agriculture (Thorat 1999 p.259).

Thorat writes that, the underlying assumption in the academic discussion was that the small and scattered landholdings were economically inefficient. How to consolidate these small, scattered and economically inefficient holdings and, once consolidate, how to maintain the size at an economically viable? The solution put forward by the academic economists was two-fold, namely, the voluntary exchange of owned land to reduce the parceling and to increase the size; and, compulsory consolidation by the government of farms of the village, including restricted sale of right of occupancy. The compulsory or voluntary restriction was to be decided on the principle of ‘economic holding’ which was to be fixed on the basis of acreage of land owned. The lower land ceiling was to be fixed in such a way that it would be ‘a parcel of land necessary to keep fully engaged and support one family’ or a ‘holding which allows a man the chance of producing sufficient to support himself and his family is reasonable comfort, after paying his necessary by way of administrative and legal measures and treated the consolidation of holdings as a practical problem (Thorat 2007).
Dr. Ambedkar approached the issue differently. In his view, the issue of economic factors underlying the farm size and is not related to legal or administrative measures. He differed from others on two important grounds: one, the definition of economic holding and, two, the economic principles underlying the size of holdings and hence the solutions of their enlargement. While the others viewed an economic holding from the stand point of consumption rather than production, Ambedkar maintained that consumption was not the correct standard. True economic relation could subsist only between total output and investment. If output paid for all the investment, no producer would think of closing his farm. One could thus speak of the farm as a paying economic unit in terms of production and not consumption. Production in turn was not governed by land as a factor alone but was the result of the use of combination of land, capital and labour. It was the right or wrong proportion of other factors of production to a unit of land (and not the size of land alone) that rendered a piece of land economic or uneconomic. A small farm might be economic as well as a large farm.

According to Dr. Ambedkar, the problem of small holdings was not fundamental but derived from the parent evil of maladjustment in the social economy. The household with a small holding was unable to acquire and use factors of production in the right combination. While there was too little capital (in the form of capital inputs and implements) and land, the supply of labour was in excess. Land and capital being in short supply. They were relatively expensive compared to labour and hence became major constraints. The solution, therefore, was to increase capital in the form of capital goods and implements and reduce the use of labour. The remedy was to siphon off the surplus labour to non-agricultural production. This would at one stroke lessen the pressure and eliminate the premium that weighed heavily on land in India. Besides, the remaining labour would be productively employed and would give a surplus; and since more surplus is akin to having more capital, it could be invested in agriculture. In short, in Dr. Ambedkar’s view, industrialization of India was the best remedy for its agricultural problems, as it would reduce the surplus labour in agriculture. The cumulative effects of industrialization would lead not only to an increase in labour productivity and capital investment in agriculture but would also cater to the economic necessity of enlarging landholding. Industrialization, by eroding the premium attached to land, would give rise to few instances for sub-division and fragmentation of land. Thus, the problem of agriculture would be curbed by the indirect consequence of industrialization (Thorat and Aryama 2007).

In short, according to Dr. Ambedkar, industrialization of India was an important solution for agricultural problem. The cumulative effects of industrialization, namely lessening of pressure
on land and increasing amount of capital would forcible create the economic necessity of enlarging
the holding. Not only this, industrialization by canceling the premium of land would give rise to
few occasions for subdivision and fragmentation. Ambedkar did not rule out direct capital
investment in agriculture to improve and productivity but believed that improvement in labour
productivity would be a better source of surplus and capital investment in agriculture (Thorat
1999).

According to Thorat, the problem of agriculture backwardness (of which the issue of small
farms was a part) was essentially due to deficiency of capital in relation to land labour. Low capital
accumulation was due to low capacity to save, which, in turn, was the result of low productivity
and income from agriculture. The solution to agricultural development was seen to lie in
improvement in the productivity of land and labour, increase in the farm income of the cultivating
house-holds and the expansion of the domestic capacity to save for productive investment. The way
out was inter-sectoral transfer of labour from agriculture to industry. This was expected to increase
productivity and hence the income, both of the labour in agriculture and in industry. The reduced
pressure of population would encourage the enlargement of farm size by reducing the premium on
land. The availability of implements and more flexible supply of land for cultivation would thus
provide the opportunity for optimal use of resources in production.

According to Thorat, “it may be noted that some of the theoretical formulations on
economic development for development countries, such as the Arthur Lewis model of economic
development with unlimited supply of labour, models based on inter-sectoral linkage of labour and
capital, developed in the 1950s and 1960s and also the theoretical principles underlying the strategy
of planned economic development in India assumed a theoretical framework in identical to that
conceived by Ambedkar much earlier in 1918” (Thorat, Aryama 2007, p.28).

12.3 On Economic Planning: Post war Economic (Reconstruction) Plan

Dr. Ambedkar’s entry into the central cabinet as minister-in-charge of the labour (and also
irrigation and power) portfolio in 1942 coincided with the formulation and implementation of the
post-war economic plan for India’s reconstruction and economic development. Such a plan became
necessary in order to overcome some urgent post-war problems pertaining to the rehabilitation of
defence personnel and the conversion of industry from the requirements of war to those of peace.
Unlike the war-affected countries of Europe and Asia, in India, the plan did not remain confined to
measures for rehabilitation but included plans for economic development also. In fact, this particular plan marks the beginning of systematic economic planning by the central government with an all-India perspective. The policy measures and actions plan conceived and implemented during 1942-44 not only had an impact on the type of economic planning that India adopted on gaining independence but many plans continued and became a permanent feature of India’s planned economic development (Thorat, Aryama 2007, p.29).

Being a member of the central cabinet, Ambedkar was also a member of the reconstruction committee of the council. In addition, he was the president of policy committee which was set up to formulate policy and plans for improvement in the condition of labour and development of irrigation and electric power. He contributed immensely to the formulation of the objectives and strategy of the plan, in general, and the formulation of policy for labour, irrigation and electric power developments in particular (Thorat, 1999 p.261).

Speaking on the nature of the post-war economic plan he observed that “the reconstruction committees were no doubt modeled, so far as intention and purpose were concerned on the Reconstruction Committees which had come into existence in most European countries whose industrial organization had been destroyed in the war”. The problems of reconstruction however should differ and must differ from country to country, he maintained. As it turned out the reconstruction plan for India did cover measures both for rehabilitation and economic development (Thorat 2009).

Thorat writes that, Ambedkar emphasized the need for industrialization for overall economic development as also for the development of the agriculture sector. Poverty in India, according to him, was due entirely to Indian economy being made dependent upon agriculture alone. Agriculture failed to produce sufficient food to feed its people. The roots were to be found, as observed earlier, in the maladjustment of its social economy.

The possibility of direct capital investment in agriculture sector, for the balanced development of the economy, was not ruled out. Ambedkar emphasized, however, industrial development in order to raise labour productivity and resultant surplus and capital through the reflex effect of industrialization. The strategy of economic development enunciated in his theoretical paper reviewed was thus restated twenty-five years later in 1943-44, some elements of which were eventually incorporated in the objective of the reconstruction plan.
Thorat writes that, the development of infrastructure such as electric power, irrigation, roads, communication and transport services were treated as prerequisites for industrial development and therefore received top priority in the plan strategy. It was believed that development of infrastructure would bring a relatively higher annual rate of growth in industrial output and employment than the rural labour force and help to absorb the surplus labour from agriculture. In a Policy Committee on Public Work and Electric Power, Ambedkar emphasized that the country needed “cheap and abundant electricity”, without it, no effort for industrialization could succeed. The development of electric power (and road, transport and communication) was crucial for industrial and agricultural development. Improvement in irrigation facilities was expected to raise agricultural productivity (Thorat 1999).

12.4 Economic Planning: Labour and Downtrodden

As mentioned above, Dr. Ambedkar was personally involved in formulation of the objectives and strategy, and more specifically the labour policy and planning of water and power resources of India’s post-war economic plan.

Thorat writes that, Ambedkar was aware of the limitations of capitalistic economic system under parliamentary democracy insuring economic security to the masses. Ambedkar argued for an important place to be given to labour and the depressed classes in the planned economic development of the country. He was particularly of the view that planned economic developments should not only develop programmes but also translate them in terms which the common man could understand, namely, peace housing, clothing, education, good health above all, the right to work with dignity. The state could not be content with securing merely fair conditions for life. Ambedkar laid great responsibility on the state to provide the poor with facilities for their growth according to their needs. In Ambedkar’s opinion, in order to that, the government could not be laissez-fair in its action but would have to be a government, essential based on a system of control.

Influenced by Ambedkar’s views and also facilitated by the Labour Government in Britain during 1940s, labour was accorded all important places in the objectives of the post-war plan of economic development. According to Thorat, labour was to be made more productive (in order to raise productivity in agriculture and industry) through several measures, which included provision of various amenities, free or subsidized services, such as education up to the age of 14, medical
relief, water supply, and other public utility services, including electric power. This would improve the health and efficiency of labour too. Other measures in this direction would be attempts to secure a fair wage deal for labour, maternity and sickness benefit, holidays, etc. Ambedkar, being the president of the policy committee on labour many of these schemes for labour, were undertaken by the Labour Department due to his advice (Thorat 2009).

In Ambedkar’s view, however, the Scheduled Castes (SCs) and depressed classes needed to be treated as a separate entity in the planning exercise because of the special problem of discrimination that they suffer from. The special provision was incorporated in the plan objectives. Thorat writes that, the central governments irrigation and electric power policy during 1942-44 reflected this view of Ambedkar about the poor and their place in planned economic development of the water resources of the country. He argued the policy makers to incorporate measures in the irrigation development policy to benefit the poor and oppressed section of society.

Ambedkar was in favour of improvement in production efficiency. He wanted public sector enterprises to earn reasonable it. But like Jawaharlal Nehru, he was not merely a growth-maximiser of national income. He did talk about letting the national income grow large enough before adequate standard of living could be provided for all. At the same time, he was very much concerned about the distribution of national income to the common man. In 1943 he emphasized that:

We must be prepared for the revolution of the value. It will not be enough to make industrial development of India as a goal. We shall have to agree that any such industrial development shall be maintained at a socially desirable level. It will not be enough to bend our energies for the production of more wealth in India. We shall have to agree not merely to recognize the basic right of all Indians to share in that wealth as a means for a decent and dignified existence, but devise ways and means to ensure him against insecurity (Thorat, Aryama 2007, p.32).

This view was emphasized in the formulation of irrigation and hydroelectric policy for India. In October 1943, in his presidential address to the policy committee on electric power, Ambedkar pointed out the significant and the ultimate objective behind the need for electrical development in India and said:
Before I conclude may I make a few observations pointing out the significance and the ultimate objective that lies behind the need for electrical development in India? It is necessary that those who are placed in charge of the subject should have the fullest realization of the significance and its objectives. If you agreed with me in this I will request you to ask yourself a question. Why do we want cheap and abundant electricity in India? The answer is that without cheap and abundant electricity no effort for the industrialization of India can succeed. Ask another question, why is industrialization necessary? And you will have the significance made clear to you at once, for the answer to the question is, we want industrialization of India as the surest means to rescue the people from the eternal cycle of poverty in which they are caught. Industrialization of India must, therefore, be grappled with immediately (Thorat, Aryama 2007, p.33).

He went on to add that India would have to tackle the problem connected with electricity in an earnest, statesman-like manner, thinking in terms of human life and not in terms of competing claims of the central versus the provincial government.

A similar emphasis was to be accorded in planning to the development of irrigation. In his presidential address to the conference on multipurpose development of Damodar Valley, Ambedkar stressed:

The centre expect the provinces to bear in mind the absolute necessity of ensuring that the benefits of the project get ultimately right down to the grass roots, i.e., everyone living in the valley and some of those in the vicinity, all have their share in the prosperity which the project should bring. This, in my view, is essential and for this reason we want the establishment of some agency early enough so that that agency can set about planning at once in a manner in which its essential and ultimate objective can be secured (Thorat 1999 p.265).

On another occasion he observed:

I hope we shall be guided by the right spirit, leaving aside the sectional points of view, and proceed to our business with a determination to agree upon the best solution and open a way to the inauguration of new water policy regard to our waterways and lay the foundation for a regime of prosperity for the poverty-stricken millions of this country.
12.5 On Economic System

The discussion in the preceding sections Thorat indicates that, Dr. Ambedkar attributed the key role to industrialization, favoured economic planning, particularly in infrastructure and social service sector, progressive labour laws and planning with a focus on labour and the downtrodden.

Thorat writes that, the theoretical arguments for industrialization were nevertheless developed within the framework of mainstream economics assuming a private economy period to the 1940s, Ambedkar did emphasize industrialization as a progressive agenda but no particular reference was made about its organization under the public sector, except his insistence on state or public ownership and distribution of electric power.

Between the mid-1930s and late 1940s Ambedkar position changed to an economic radicalism that covered critical analysis of capitalism, the positive role of state, abolition of a feudalistic land tenure system (like Khoti system, and Mahar vatan system in Maharashtra), cultivation by cooperative farms, and production and distribution of electric power under state ownership and control. Again, these measures were put forward assuming the inevitability of capitalist organization (although occasionally he showed a preference for socialism). No serious alternative economic framework, however, was offered during these years of economic radicalism.

The precise statement of alternative radical economic and political framework, which made a departure from the earlier position, came in state and minorities, written as a memorandum for constituent Assembly in 1947. the economic section of this document calls for ‘state socialism’ involving nationalization of basic and key industry such as insurance and of agricultural land and its working with collective farms with peasants treated as tenants of the state. For the first time here, Ambedkar provided explanation, why he preferred industrialization and agriculture to lie with the state sector, the need for economic planning, stronger role for the state and special safeguard against social and economic discrimination of socially deprived classes.

Providing a justification for state socialism, Ambedkar stated:

The main purpose behind it is to put an obligation on the state to plan the economic life of the people on lines which would lead to the highest point of productivity without closing
the avenues to private enterprise and also provide for equitable distribution of wealth. The plan set out proposes state ownership in agriculture which a collectivized method of cultivation and a modified form of state socialism in the field of industry. In places squarely on the shoulders of the state the obligation to supply capital necessary for agriculture as well as industry…state socialism is essential for rapid industrialization of India. Private enterprise cannot do it and if it did, it would produce those inequalities of wealth, which private capitalism has produces in Europe and which should be a warning to India (Thorat, Aryama 2007, p.35).

In the case of agriculture, unlike the 1930s and 1940s during which time Ambedkar argued for land distribution and tenancy rights, in 1947, he now argued:

Consolidation of holdings and tenancy legislation are worse than useless. They cannot bring about prosperity in agriculture. Neither consolidation nor tenancy legislation can be of any help to the 60 millions of untouchables who are just landless labourer. Neither consolidation nor tenancy legislation can solve their problem. Only collective farms on the lines set out in the proposal can help them.

Thorat examines the views of Dr. Babasaheb Ambedkar on the capitalism system. He writes, Ambedkar’s criticism of capitalism was mainly drawn from Marx but not the whole of it, although he agreed with the basis of it. While writing about the relevance of Marks in 1956, Ambedkar observed, “What remains of Karl Marx is a residue of fire, small but still very important. The residue, in Thorat’s view, consists of four items (Thorat, Aryama 2007, p.36):

- That the function of philosophy is to reconstruct the world and not to reconstruct the world and not to waste its time in explaining the origin of the world.
- That there is a conflict of interest between class and class.
- That private ownership of property brings power to one class and sorrow to another through exploitation.
- That it is necessary for the good of society that sorrow be removed by abolition of private property.

Taking the points from the surviving Marxist Creed, Ambedkar clearly built up the case in favour of socialism. Ha agreed that in a social economy based on private enterprise and personal
gain people both unemployed and employed, are required to relinquish their rights in order to earn their living and subject themselves to be governed by a private employer. He observed:

For the unemployed persons fear of starvation, the fear of losing house, fear of being compelled to take children away from school, the fear of having to be on public charity are the factors too strong to permit a man to stand out for his fundamental rights. The poor are thus compelled to relinquish their fundamental rights for the sake of securing the private to work and subsist (Thorat, Aryama 2007, p.37).

Writing about the safeguards suggested by the constitutionalist, Ambedkar observed:

Constitutional layers assume that the enactment of fundamental rights is enough to safeguard their liberty and that nothing more is called for…if the state refrain from intervention in private affairs economic and social, the residue is liberty. What is necessary is to make the residue as large as possible and state intervention as less as possible. It is true that where the state refrains from intervention what remains is liberty…But to whom and for whom is this liberty. Obviously, this liberty is liberty to the landlord to increase rents, for capitalists to increase hours of work and reduce the rate of wages. This must be so, it cannot be otherwise. For in an economic system employing armies of works producing goods in mass at a regular interval someone must make rules so that workers will work and the wheels of industry run on. …In other word that is called liberty from the control of state is another name for the dictatorship of the private employers.

Thorat writes that, Ambedkar was thus critical of the remedies adopted by liberal democratic governments. What most democratic countries did was to limit the power of the government to impose arbitrary restraints in the political domain and to invoke the ordinary power of legislature to restrain the more powerful individuals from imposing arbitrary restraints on the less powerful in the economic field. In Ambedkar’s view:

The inequality and the futility of the plan have been well established. Therefore the successful invocation by the less powerful of the authority of legislature is a doubtful proposition. Having regard to the fact that even under adult suffrage all legislature and governments are controlled by the more powerful an appeal to the legislature to intensive is a very precarious safeguard against invasion of liberty of the less powerful.
Therefore, Thorat said that, Ambedkar favoured an economic system where not only was the power of the government to impose arbitrary restraints limited, but also of the more powerful individual. In other words, to eliminate the possibility of the more powerful imposing arbitrary restraints on the less powerful, he thought that it could be achieved by minimizing the control of the more powerful from the economic life of the people.

Further Thorat writes that, the book State and Minorities (1947) was, in fact, a memorandum prepared for submission to the Constituent Assembly for acceptance. Indeed, while responding to the resolution related to the aims and objectives of the future constitution of India moved by Jawaharlal Nehru on 13 December 1946, as a practical strategy, Ambedkar (as a member of the Constituent Assembly) argued for a socialistic economic framework for Indian society. In response to the “Aims and Objectives” resolution, Ambedkar said:

I must confess that coming as the resolution does from Pandit Jawaharlal Nehru who is reputed to be socialist, this resolution, although non-controversial is to my mind is very disappointing. I should have except him to go much further than ha has done… there are certain provisions which speak of justice, economic, social and political. If this resolution has a reality behind it and sincerity of which I have not the least doubt coming as it does from the mover of the Resolution, I should have excepted some provision whereby it would have been possible for the state to make economic, social and political justice a reality and I should have from that view expected the Resolution to state in most explicit terms that there may be social and economic justice in country, that there would be nationalization of industry an nationalization of land. I do not understand how it could be possible for any future government which believes in doing justice, socially, economically and politically, unless its economy is a socialistic economy (Thorat, Aryama 2007, p.38).

Ambedkar continued and observed, “therefore, personally although I have no objection to the enunciation of these proposition, the resolution is to may mind, somewhat disappointing. I am however prepared to leave this subject where it is with the observation I have made”. Thorat said that, Dr. Ambedkar knew that it was little too much for Congress- dominated Constituent Assembly, and Ambedkar therefore, could not push this proposal as much as he wanted to.
12.6 On Labour Policy

Thorat analyzed the thoughts of Dr. Babasaheb Ambedkar on the problems of labour during the tenure of Ambedkar as labour member during 1942-1946.


1. Providing safeguard and social security measures to workers.
2. Giving equal opportunity to workers and employers to participate in formulating labour policy and strengthening the labour movement by introducing compulsory recognition of trade unions in order to enable to play an effective role in the economy of the country.
3. Establishing machinery for enforcing labour laws and settling disputes.

In order to achieve this the appropriate machinery was evolved. These include;

1. Setting up of the Indian Labour conference and standing Labour Committee;
2. Enactment of Labour laws;
3. Establishment of the chief Labour Commissioner’s organization;
4. Appointment of the Labour Investigative Committee;
5. Machinery for fixing minimum wages;
6. Standing orders in Industrial employments; and
7. Recognition of trade unions.

Above the explanation, Thorat said that, these efforts on the part Ambedkar for protection and promotion of the interests of Labour and working class as a member of the Viceroy’s Council, made significant impact on the labour movements and industrial relations of India. The Indian Labour Conferences he convened gave an opportunity to labour to work shoulder to shoulder with the employer for formulating labour policies for economic development in the post-independence era. The Minimum Wage Act, 1948, the Industrial (standing orders) and social security measures adopted provided framework for improvement in their working conditions. The creation of The Chief Labour Commissioner’s Organization facilitated the implementation of labour laws in establishment of the Government of India. It also served as forum for workers and employers to
come together and settle their disputes without resorting to strikes and lockouts. The reorganization of track union provide an instrument to fight for their rights.

### 12.7 On Political Economy of Caste System

Thorat analyzes the thoughts of Dr. Babasaheb Ambedkar on political economy of caste system. Thorat writes that, Ambedkar examined in greater detail economic principles underlining the caste system and the role of social and religious ideologies in the origin, perpetuation and sustenance of the caste system and captured the nature of interaction between economic structure involved in the caste-system and the role of Hindu social/ religious philosophy in mutually enforcing each other. He also analyzed the economic consequence of the caste system on economic development and income distribution.

In Ambedkar’s view the caste system involves in itself a producer’s organization and scheme of distribution. The relevant economic attributes of the caste-system, which make it a peculiar system of producer’s organization and a scheme of distribution, are: (a) assignment of economic, civil and cultural rights, particularly the property rights for each caste by birth and continuance thereof by heredity; (b) unequal distribution of economic and property rights among the caste groups; (c) hierarchical arrangement of occupations in terms of status and dignity-some occupations being treated superior and the other as inferior with a stigma of purity and impurity; (d) provision for a comprehensive system of social and economic ostracism and penalties to enforce the caste based economic and social order; finally, (e) support and justification from the Hindu religious philosophy (Thorat, Aryama 2007, p.39).

Above the points Thorat writes, that the foremost principle of caste-based fixation of occupation (or property rights) and continuance thereof, by heredity and birth implied that every member must follow the occupation assigned to the caste to which he belonged. It left no scope for change, individual choice and inclination.

The second principle on which the caste system is based is that occupations and economic rights are not only predetermined by birth but their division (across the castes) is highly unequal. In fact, inequality in distribution of sources of income is the core of the caste system. The burden of this, however, falls too heavily on low-caste untouchables. The way economic rights are arranged leaves no scope for the low castes for economic improvement as they are deprived of rights to
occupation, property and education. Their only occupation is to serve the higher castes as labourers.

The last but equally important feature of the Hindu Social Order is the prescription of a mechanism of social and economic penalties to maintain the system. The instruments of social and economic boycott are the main forms of penalties that are laid down against the violation of the codes of the system.

Therefore, Thorat said that, Ambedkar’s economic characterization of caste system is based on three interrelated elements, namely, fixed and hereditary occupation and economic rights by birth, unequal and hierarchical division of these economic/property rights across caste groups and provision of strong instrument of social and economic ostracism to sustain the rigid system with ideological support from the Hindu religion (Thorat, Aryama 2007, p.40).

12.8 On Economic and Social Consequences of Caste System

Thorat analyzes the thoughts of Dr. Babasaheb Ambedkar on the issue of Economic and social consequences of caste system.

Thorat writes that, Ambedkar argued that the manner in which the customary rules regarding the occupation, property rights, employment, wages, education, dignity of labour, etc., are devised under the caste system, it could not but produce vast economic inefficiency and income inequalities. Thus, in his view, caste system as an organization for production has produce gross economic inefficiency, economic stagnation and backwardness. Ambedkar analyzed in detail the economic consequences of factors like immobility, restrictions on individual choice and initiative, social status associated with occupation, and the dignity of labour involved under caste system (Thorat 2007).

Ambedkar recognized that the caste system’s basic feature of ascribed occupations for each caste implies exclusion of one caste from understanding the occupation of another caste. Exclusion and discrimination in occupation, and unemployment of labour, is thus internal to the system and necessary outcome of its economics. It is reasonable to assume that in a market economy the occupational immobility would operate through restrictions in various markets such as labour, land, credit, other inputs and services necessary in any economic activity. Labour market exclusion would, therefore, manifest itself in exclusion in employment from another caste’s occupation.
Immobility of labour, and capital, under caste-wise division, essentially means occupationally segregated, and imperfectly immobile market situation. This would necessarily imply that occupationally segmented, and imperfect mobile labour, and capital market would generate economic outcomes, which will be less than optimum, and this in turn will hamper overall economic growth. In its ultimate outcome, the performance of caste economy would be lower than in competitive economy (Thorat, Aryama 2007).

There are other consequences of a caste economy towards which Ambedkar has drawn our attention. The efficiency of labour is adversely affected by a number of customary rules regarding dignity of labour, and social status ascribed to the so-called polluting occupations. The social and individual efficiencies require that the capacities of an individual be develop to the point of competency to choose, and make one’s own career. The economic pursuit in caste system, as it exists, is not based on individual choice, sentiment and preference, as it assigns takes to an individual in advance, and the individuals are selected not on the basis of training or capacities of an individual be develop to the point of competency to choose, and make one’s own career. The economic pursuit in caste system, as it exists, is not based on individual choice, sentiment and preference, as it assigns takes to an individual in advance, and the individuals are selected not on the basis of training or capacities, but social status. Some of these occupations are considered polluting and impure and, therefore, socially degrading. The social stigma of impurity and pollution, in fact the social status of the person engaged in them, such as in scavenging, and leather-related works. Forced into these occupations on account of their caste origin, people do not derive job satisfaction, and are constantly provoked to aversion, ill-will, and desire to malinger.

In this context, Ambedkar observed:

There are many occupations in India which on account of the fact that they are regarded as degraded by Hindus provoke those who are engaged in these occupations. There is a constant desire to evade and escape from such occupations which arise solely because of the blighting effect which they produce upon those follow them owing to the slight and stigma casting on them by the Hindu religion (Thorat 2007).

He farther adds: what efficiency can there be in a system under which neither men’s hearts nor their minds are in their work (Thorat, Aryama 2007).
One of the negative impacts of restrictions and immobility and the social status and stigma associated with occupation is on unemployment, which has been emphasized by Ambedkar. By putting restrictions on mobility of labour from one occupation to other thereby not permitting readjustment of employment, caste becomes a direct cause of much of voluntary unemployment for higher-caste persons and involuntary unemployment for low-caste persons. The high-caste Hindu would generally prefer to be voluntarily unemployed for some time than to take up an occupation not assigned to his caste and which is considered an inferior occupation. On the other hand, for the low-caste untouchables, the restrictions to take other caste’s occupation also compel them to remain involuntarily unemployed.

According to Thorat, this brings us to the income distribution or equity implications of the caste system. The consequences of the caste system in terms of equity are more serious than for economic efficiency and growth. Ambedkar’s analysis implies that since the economic rewards under the caste system are determined by job assignment, the result is an income distribution generally skewed along caste line. In fact, the caste system as an economic organization is based on the principle of hierarchy of economic rights and hence economic inequality. Economic inequality (as much as the social-cultural inequality) under the caste system has not emerged as matter of indirect historical consequence but was a direct outcome of its governing principles, the core and centre of which is the doctrine of economic inequality and exploitation. In fact, the legitimate dislike for the caste system is due to the fact that the principle of equality is completely alien to its spirits. Ambedkar argued that the manner in which the customary rules and norms regarding right to property, occupation, employment, wages, education, dignity of labour, and other economic relations are framed and defined, they involved nothing but inequality and immense exploitation of the castes located at the bottom of caste hierarchy.

12.9 Perspective on Water and Power Development

Thorat analyzed the thoughts of Dr. Babasaheb Ambedkar on the issue of perspective on water and power development. He analyzes as follows:

The Central Government policy with regard to water resource and hydro-electric power development was evolved and given a definite shape under the tenure of Ambedkar as Minister for Labour and also irrigation and power during 1942-46. These efforts by Ambedkar and Labour department resulted into-
a) The emergence of a definite all-India policy with regard to the development of “water and electric power resources” of the country;
b) The creation of an administrative apparatus and technical bodies at the centre to assist the states in the development of irrigation and electric power resources, such as the present-day central water commission and Central Electricity Authority;
c) The initiation of some important present-day river valley projects, such as the Damodar River valley project, Hirakund project and others.
d) Development of electric power policy for the first time (Thorat 1999 p.266).

The key elements of the new water policy and planning mentioned above constitute; (a) adoption of a multipurpose approach for water resources development on the basis of river valley basin; (b) introduction of the concept of river valley authority; and (c) creation of technical expert bodies at the centre to promote development of water and power resources, on each of these, Ambedkar had views of his own. In the period 1943-46, when the new policy was evolved, he actively participated in all discussions and expressed his views through presidential addresses and lectures. Between is November 1943 and 8 November 1945 he addressed five conferences, of which two were on the Damodar Valley Project, both held at Calcutta (3 January and 23 August 1945), one on the Mahanadi Valley Project (Cuttack 8 November 1945) and two on Electric power (Delhi, is November 1943 and February 1945). Besides the record of the Labour Department, these five addresses contain his thinking on the issue of water and power resource development in the country.

12.10 On Conservation of Water Resources

Thorat expressed the thoughts of Dr. Babasaheb Ambedkar on the issue of conservation of water Resources.

Thorat writes that, in a conference on the development of Orissa Rivers, Ambedkar expressed his view about conservation and use of water resources. He referred to the recommendations made by the various committees, starting with the first committee in 1872 to the Orissa. Flood Advisory Committee of 1945. Criticizing the remedies suggested by these committees, he observed:
With all respect to the members of these Committees, I am sorry to say that they did not bring the right approach to bear on the problem. They were influenced by the idea that water in excessive quantity was an evil, that when water comes in excessive quantity, what needs to be done is to let it run into the sea in an orderly flow. Both these views,... are now regarded as grave misconceptions, as positively dangerous from the point of view of the good of the people.

Man suffers more from lack of water than from excess of it, Ambedkar said. Not only was nature niggardly in the amount of water it gaves, it was also erratic in its distribution, altering between drought and storm. But this could not alter the fact that water was wealth. Water being the wealth of the people and its distribution being uncertain, the correct approach was not to complain against nature but to conserve water (Thorat 2009).

12.11 On Multi-purpose Reservoirs and Regional development

Thorat also gives the thoughts of Dr. Ambedkar on the multi-purpose reservoirs and regional development. Thorat writes that excess water was considered to be a major problem in the earlier approach, the remedy suggested was single-purpose in nature, namely to control floods. Ambedkar differed with those who believed in a single purpose approach. He observed that “if conservation of water was mandatory from the point of view of public good, than obviously the plan of embankment was a wrong plan. It was a means which does not subserve the end, namely conservation of water, and must, therefore, be abandoned.” The appropriate method, according to him, was to follow the approach adopted by some developed countries, that is, “to dam rivers at various point to conserve water permanently in reservoirs” and put it to multipurpose use. Such reservoirs, beside irrigation, could be used for the generating electric power and navigation. He particularly emphasized the use of rivers for navigational purpose. In the conference on Orissa Rivers (8 November 1945), he observed:

Navigation in India has had a very checkered history. During the rule of the East India Company, provision for internal navigation occupied a very prominent part in the public works budget of the Company’s government. Many of the navigation canals we have in India today… are remnants of that policy. Railway came later, and for a time policy was to have both railway and canals navigation. By 1875, there arose a great controversy in which the issue was railway versus canals. The battle for canals was fought bravely by the late sir Arthur Cotton.. unfortunately supporters of railways won (Thorat 1999 p.268).
He added:

I am not quite happy about his victory of railway over canals. Much more annoying is the opinion of supporters of railway that canals must go because they do not pay without knowing that if the canals do not pay it is not because their capacity to pay has been terrible mutilated by leaving them uncompleted. I am sure that internal navigation cannot be neglected in the way in which it has been in the past. We ought to borrow a left from Germany and Russia in this matter and not only revive reconstruction of our old canals but make new ones also and not to sacrifice them to the exigencies of railways.

The storage scheme that Ambedkar proposed would not only give irrigation and electricity but also provide a long line of internal navigation. He believed that the multipurpose use of water would convert the forces of evil into power of good. This perspective he subsequently emphasized for projects on Damodar, Mahanadi, Sone and other inter-state rivers. In the first conference on Damodar valley project (Calcutta, 3 January 1944), Ambedkar asserted:

The Damodar project must be multipurpose project…it should not only deal with the problem caused the floods, it should also provide for irrigation, electricity and navigation… There has not been enough realization that our policy for water resource development must multipurpose policy so as to include all possible uses of water.

The Damodar valley project was to be the first in a series, he said. He reiterated his belief in multipurpose projects in the second conference on the Damodar valley project. He stressed that

The issue before us is whether we should be content with damming the river for the purpose of stopping the flood only or whether we should make it a multipurpose project so as to cover generation of electricity and supply of water for irrigation and navigation also…the consensus of the opinion should be that we go for the latter (Thorat 1999 p.269).

Similarly, the Sone valley project was treated as multipurpose river management scheme covering not only the potentialities for irrigation by canals and perennial huddle power for the area but also for increased utilization of such power for agricultural development such as pumping from the tube wells and increased fertility by dewatering in water-logged area, revision of cheap power for industrial development and improve flood control. Opening the conference on Sone valley in
March 1945, Ambedkar highlighted the importance of the scheme to the economic development of U.P., Bihar, and the central provinces. He emphasized that if the possibilities of the scheme were to be fully exploited it was necessary to make a regional rather than local approach to the problem.

Ambedkar stressed the multipurpose use of water even more emphatically in the case of the Mahanadi River. Referring to the water problem, he stated that

Orissa must… adopt the method which the U.S.A. adopted in dealing with the problem of its river… that method was to Dam Rivers at various points to conserve water permanently in reservoirs. Such a strong scheme as applied to the river Orissa will have the special feature, namely, that it will not only give irrigation and electricity, but also provide a long line of internal navigation…My comment is that this should be regarded as the only method and treated as immediate programme rather than as an ultimate aim (Thorat 2009).

In the conference of Orissa’s river, he urged the participants to adopt the regional approach:

For a balance appreciation of the situation it is necessary to carry out comprehensive surveys and investigations with a view to ascertain the possibilities of irrigation, navigation, power development and their facilities in delta as well as in the drainage as a whole. Investigations so far carried out have been mostly limited to the delta (Thorat 1999).

The systematic steps towards the introduction of the concept of River Valley Authority for projects on inter-state rivers and creation of two technical experts bodies at the centre, namely the central waterways, Irrigation and Navigation commission and the Central Technical power. Board were attempts to provide technical advice for the multipurpose development of water resources on regional basic. He made this clear in the first Calcutta conference (3 January 1944):

As a preliminary step for securing the best use of water resources of the country the Government of India have created as central organization, called the Central Technical Power Board, and are contemplating to created another to be called the central waterways, Irrigation and Navigation Commission. The objects which have led to setting up of the these two organizations are to advise the provinces on how their water resources can be
best utilized and how a project can be made to serve propose other than irrigation (Thorat 2009).

A similar approach was highlighted in the conference on river Sone. Ambedkar emphasized on the occasion that if Sone’s possibilities were to be fully exploited it was necessary to make a regional rather than a local approach to the problem. He urged all parties to realize this meant that ultimately there must be an agreement to set up an appropriate organization to which they would give certain powers relating to the subjects which would be handled by this organization, the principle of which would be to supply the bulk of electricity and water for irrigation and navigation.

According to Thorat, Ambedkar expounded the nature of the new water policy in the first Calcutta Conference. He said:

It is not far from true to say that so far there has been an absence of positive all-India policy for development of water resources. There has not been enough realization that our policy for waterways must be multipurpose policy so as to include the provision for irrigation, electrification and navigation. Government of India is very much alive to disadvantage arising from the present state of affairs and wishes to take steps to evolve a policy which will utilize the water resources to the purpose which they are made to serve in other countries (Thorat 1999).

Multipurpose use of water resources for the regional development of the entire river valley basin was the key element of the new water policy. The adoption of the concept of River Valley Project (to overcome the jurisdictional problem on inter-state rivers) and the creation of two technical expert bodies at the center were means to achieve this objective.

12.12 On Hindu social Order and Equal Opportunity Policy

In his writing Thorat given the thoughts of Dr. Ambedkar on Hindu social order and equal opportunity policy he writes are as follows:

Ambedkar analyzed the Hindu Social Order from social and economic angle. A careful analysis of the caste system as a system of distribution led him to conclude that it was based on both social and economic discrimination and with the result it produced immense inequality in the
distribution of wealth and income and perpetuated poverty. This conclusion led Ambedkar to argue for measures against social and economic discrimination in the form of affirmative action and other policy measures which became the significant part of economic and social planning in India. (Thorat 2009).

There are specific economic aspects of the caste system which according to Ambedkar created economic discrimination and inequality. The caste system involves division of people in specific economic activities beside social division. The important features of this economic division are:

- Fixation of occupation for each caste group and continuance thereof by heredity.
- Unequal distribution of economic rights among the caste groups. The principle of graded inequality carried into the economic field as well.
- It not only fixed the occupation and did so in unequal manner but also treated some occupations as superior and the other as inferior. It thus maintained a hierarchy of occupations based on the stigma of high and low.
- The Hindu religious order recognized slavery and the principle of graded inequality was extended to slavery across caste groups.
- It provided for a coercive mechanism to enforce this unnatural economic order (Thorat 1999 p.273).

The first and foremost economic principle of caste-based fixation of occupation and continuance thereof by hereditary implied that every member must follow the occupation assigned to the caste to which he belonged. It left no scope for individual choice, individual inclination and occupational mobility. An individual under this social order was bound to theession. Ambedkar argued that there was nothing strange or peculiar in the fact that the Hindu Social Order recognizes classes. There are classes everywhere and no society it without them. But in these societies classes exist with freedom to move from one to another. Such a free social order aims at preventing isolation and exclusiveness. For as long as classes do not practice isolation and exclusiveness they are only non-social in their relations towards one another. Isolation and exclusiveness makes them anti-social, inimical towards one another. Isolation makes life static, ossifies separation into privileged and underprivileged. Thus it is not so much the existence of classes as the spirit of isolation and exclusiveness which is inimical to the free social order. The economic attributes of the caste systems thus, besides creating classes, keeps them isolated and exclusive.
The second economic principle on which the caste system is based is that occupations are not only fixed but their division is highly unequal. It gives rights to some and virtually nothing to others. In fact graded inequalities in the distribution of economic rights are the core of the economics of the caste system. There is nothing in the economic division of the caste system for the Shudras except to serve the higher castes. It compelled them to serve ends chosen by others. Hinduism leaves no scope for the shudras to accumulate wealth as they do not have the right to property. The shudras can have only occupation that is to be regulated as a free contract. A Brahman may compel a shudra to do works for him. But the three higher classes employing the shudras are not obliged to provide adequate economic security to him. The rules regarding the payment of wages to the shudra were fixed to his utter disadvantage. Manu’s law of wages is not a ‘minimum wages law’ - it is a ‘maximum wage law’, an iron law of wages fixed so law that there is no fear of the Shudra accumulating wealth and obtaining economic security (Thorat 1999 p.274).

While the Hindu religious laws provide no economic right to the shudra including the right to property, it gives all the privileges and rights to Brahmans. Although the teaching of the Vedas, officiating at the sacrifice and receiving grants and present are the exclusive rights or occupations of the Brahmans, unlike other caste groups there is no restriction on their taking up the occupations of others if the situation demands. Except the occupations that are restricted to the shudras, Brahmans enjoyed unrestricted economic freedom and choice in occupation.

Also, Brahmans could take the property of the common man (the shudras) without compensation and without reference to court if it was necessary for the performance of their religious duties. If a Brahman discovered a hidden treasure he was free to appropriate the whole of it without giving the usual share to the king ‘since he is the lord of all’ and was entitled to claim half if it was discovered by others. He was entitled to the whole amount accumulated from legal fines from a king whose death was due to some incurable disease, he was exempted from taxation, he was also entitled to compel the king to provide for his daily food and to see that he did not starve. His property was free from the law of escheat (Thorat 2009).

12.13 On Slavery, Caste System and Untouchability

Thorat focused the thoughts of Dr. Babasaheb Ambedkar on the issues of slavery, caste system and untouchability. Thorat writes this concern as follows:
The caste system, according to Ambedkar, has both the spiritual sense, a slave as defined by Plato means a person who accept from another the purpose which control his conduct. In this sense, a slave is not an end in himself: he is only a means of fulfilling the end desire of others. In their economic significance the rules put an interdict on the economic independence of the shudra. The shudra was required to serve others, not himself, which means that he was not allowed to strive after economic independence but had to forever remain economically dependent on others. Interpretation apart, Manu openly recognized seven types of slaves; Narada recognized thirteen types. In the Hindus scheme of slavery, which was elaborate and systematically by the Hindu writers who followed Manu, the Shudras could be made slave of the three higher castes, but the higher castes could not be slaves of Shudras. A Brahman might become the slave of another Brahman, at least in theory, but not of Kashtriya, Vaishya, Shudra or Anti-shudra. He might, however, hold as his slave anyone belonging to the four varnas. This hierarchical bar to enslaving anyone from a higher caste applied to all castes. Ambedkar observed that if the rules of slavery had been open. They would have been a leveling force, but since unfettered slavery was an egalitarian principle attempts were made to nullify it (Thorat 2009).

12.14 On Education and Caste System

Thorat writes that, apart from social equality and economic security, Ambedkar identified access to knowledge to all as one of the preconditions for the realization of liberty and for the moral and material development of the people. He observed that, in the matter of the spread of knowledge two conditions are prerequisites: there must be formal education and there must be literacy. Without these two, knowledge cannot spread. Without formal education the accumulative thought and experience relating to a subject cannot be made accessible to the young and they will never get it if they were left to pick up their training in informal association with others. Also without formal education one will not get new perceptions. One cannot, however, take advantage of formal education unless one is literate. The spread of the art of reading and writing, i.e. literacy and formal education go hand in hand without the two there can be spread of knowledge (Thorat 1999 p.276).

The conception of formal education in caste system is rather narrow. Formal education was confined only to the study of the Vedas in the schools, which were established for this purpose alone. These schools benefited only the Brahmans. The state did not hold itself responsible for
opening establishment for the study of the arts and sciences which concerned the life of merchant and the artisan.

Neglected by the state, they had to look out for themselves. Each caste managed to transmit to its progeny the ways of doing thing it was traditionally engaged in doing. The young Vaishya had to know the rudiments of commercial geography, arithmetic, some languages as well as the practical details of trade. This be learned from his father in the course of business. The artisan class or the craftsman who was from the shudra caste also taught the arts and crafts to his children in the same way. Education was domestic. Education was practical. It did not lead to new perceptions. It did not widen the horizons, with the result that the practical education taught the young boy only an isolated uniform way of acting in a changing environment, which turned out to be gross ineptitude (Thorat 2009).

According to Ambedkar illiteracy became an inherent part of Hinduism by a process which is indirect but internal to Hinduism. It was a direct result of the rule relating to the rights to teach and study the Vedas. A detailed study of Hindu religious texts led Ambedkar to three distinct propositions. First, Brahmans, Kashtriyas and Vaishyas could study the Vedas. Secondly, Brahmans alone had the right to teach the Vedas. Thirdly, the shudra was not only not allowed to study the Vedas but he was not allowed even to hear it. The successors of Manu made any contravention of this bar by the shudra an offence involving direct penalties.

This series of penalties against the study of the Vedas by the mass of the people gave rise to illiteracy and ignorance in secular life. Reading and writing were necessary for those who were free and privileged to study the Vedas, but not for those who were not free to do so. In this way reading and writing became accidental to the study of the Vedas. The net result of this was that reading and writing became the right of the high castes and illiteracy the destiny of the low castes. By prohibiting literacy, Hindu religion brought about the general ignorance of the masses. Ambedkar commented “that the ancient world may be said to have been guilty for failing to take the responsibility for the education of the masses, but never that any society been guilty of closing to the generality of the people the study of the books of religion. Never has society made any attempt to declare that an attempt made by the common man to acquire knowledge shall be punishable as a crime. Manu is the only divine law giver who has denied the common man the right to knowledge.” (Thorat 1999 p.276)
12.15 Summary

To sum up, Thorat examines thoughts of Dr. Babasaheb Ambedkar on various issues concerning national interest comprising of agricultural land holding, water conservation, labour, caste system etc. The issues of Ambedkar economic ideas, provides an insight into his thoughts on economic development, planning, role of the state, alternative economic system, and political economy of caste system, planning for the poor and downtrodden, perspective on water and power development, conservation of water resources, multipurpose reservoirs and regional development, labour policy, Hindu social Order and equal opportunity policy, slavery, caste system and untouchability, education and caste system.

According to Thorat the important elements of Dr. Ambedkar’s economic views are his emphasis on active role and participation of the state in economic and social development through the instrument for planning. He favoured the use of this instrument for planned economic development. Within the broader framework of planning, he also emphasized the need for a focus on the poor and the labouring classes in the economic plan. Further, due to discrimination of the depressed castes inside and outside market, he also favoured special planning for them and the policy or reservation for protecting against discrimination and promoting their effective participation in economic and social sphere.

He also said that, with the respect to the sectoral priorities, Dr. Ambedkar has emphasized industrial development as a solution to the problem of agriculture development. Dr. Ambedkar believed that development of industrial sector is necessary to reduce the surplus labour in agriculture and to create favourable conditions for production. Removal of surplus labour in agriculture through industrialization, in his view, will reduce the pressure on land and bring consolidation of holdings and enhancement of farm size. This will also create conditions for generation of surplus and private investment in agriculture.

Further, Thorat said that, Dr. Ambedkar recognized and emphasized the need of social reforms of Hindu social and religious order. Ambedkar believed that economic equalization will reduce gravity of social discrimination but due to organization of social and religious life of Hindus around caste system, it may not eliminate economic and social discrimination of Dalit all together. So he sees a great need for reform of Hindu social and religious order.
Reference


