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**Dr. AMBEDKAR'S IDEALOGY ON ECONOMIC SYSTEM,  
DEVELOPMENT AND PLANNING IN INDIA**

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Dr. Babasaheb Ambedkar began his academic career as a professional economist. He obtained his Ph.D., in Economics from Columbia University (USA) during 1913-16, and D.Sc. also in Economics from London School of Economics (UK) during 1917-18. Both the Ph.D. and D.Sc. thesis are published in the early 1926's. 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 was mainly centered on themes like public finance, monetary and international economics, particularly during the colonial period. In later period the finances shifted the other economic issues on his writings covered a wide range of interrelated issues, varying from prospective on economic development and planning, economic systems, the 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. Dr. Ambedkar also expressed his 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. In this paper, I propose to discuss Ambedkar's economic thoughts, particularly on economic systems, economic development, planning, agriculture development and political economy of caste system and issues related to water resources development, labour and others. In doing this I shall follow the writings in sequence of time in which Ambedkar has written and also attempt to capture the changes that had occurred in his economic thinking over a period of time.

**View On Economic Development:**

Dr.B.R. Ambedkars View On The Problem Of Small Holdings, It Began With A Discussion On Small Holdings, Went On To An Economic Analysis Of Agricultural Backwardness And Ended With Its Solution In Industrial Development. The Underlying Assumption In The Academic Discussion Was That The Small And Scattered Landholdings Were Economically Inefficient. But How To Consolidate These Small, Scattered And Economically Inefficient Holdings And, On The Consolidated, How To Maintain The Size At An Economically Viable? In This Connection, The Academic Economists Was Proposed Time-Fold Solution, 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.

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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 Holdings Was Unable To Acquire And Use Factors Of Production In The Right Combination. In His View, The Remedy Was To Siphon Off The Surplus Labour To Non-Agricultural Production. In His 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.

## **View On Economics Planning - Post War Economic Plan:**

Dr. Ambedkar's Entry In To The Central Cabinet As Minister-In-Charge Of The Labour Portfolio In 1942 Coincided With The Formulation And Implementation Of The Post War Economic Plan For India's Reconstruction And Development. He Contributed Significantly To The Formulation Of The Objectives Of The Plan, In General, And The Formulation Of Policy For Labour, Irrigation And Electric Power Development In Particular, Leaving His Distinct Impact On India's Post-War Economic Planning And Development.

Dr. B.R. Ambedkar Played A Pioneering Role In Developing India's Infrastructure, Specifically In Irrigation, Electric Power, And Water Management, Which Were Deemed Essential Prerequisites For Rapid Industrialization. He Championed The Establishment Of River Valley Authorities, Such As The Damodar Valley Corporation And Hirakud Project, Aimed At Utilizing "Water As Wealth" To Boost Agriculture And Generate Hydroelectric Power. His Vision Linked Infrastructural Development To Rapid Industrial Growth, Job Creation, And The Absorption Of Surplus Labor From Agriculture. As A Key Architect Of These Policies, His Initiatives Aimed To Boost Industrial Growth, Create Employment, And Transition Surplus Labour From Agriculture To Industries.

**Water And Power Policy:** He Created A Definite All-India Policy For Developing Water And Electric Power Resources.

**Institutional Framework:** He Was Responsible For Establishing The Central Waterways, Irrigation, And Navigation Commission (Now [Central Water Commission](#)) And The Central Technical Power Board (Now Central Electricity Authority).

**Integrated Development:** He Advocated For The River Valley Authority/Corporation Model For Integrated Development.

**Industrialization Focus:** He Believed State-Led Industrialization And Infrastructural Development Were Essential To Break The Reliance On Agriculture And Provide Employment, Thereby Fostering Economic And Social Upliftment.

## **View On Economic Planning, Labour And Downtrodden:**

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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. He is particularly of the view that planned economic development should not only development programmes but also translate them in terms of which the common man could understand, namely, peace, harassing, clothing, education, good health and above all, the right to work with dignity. Dr. Ambedkar was also in favour of improvement in productive efficiency. But, unlike Jawaharlal Nehru, he was not merely a growth-maximizer of National Income.

### **View On Economic System:**

Ambedkar was attributed the key role to industrialization, favoured economic planning, particularly infrastructure and social service sector, progressive labour laws and planning with a focus on labour and downtrodden. In his written book the state minorities, that calls for 'State Socialism' involving rationalization of basic and key industries such as insurance and of agricultural land and its working with collective farms with peasants treated as tenants of the state. And he was criticized the capitalism was mainly drawn from Marx but not the whole of it, although he agreed with the basis of it. And he was observed in 1956 on the relevance of Marx, what remains of Karl Marx is a residue of fire, small that still very important. The residue, in his view, consists of four items.

- That the function of philosophy is 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 powers 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.
- View on political economy of caste system.

Another sphere where Dr. Ambedkar made a significant contribution is the economic analysis of the caste system. 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 (or equity). 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.

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- b) Unequal distribution of economic and property rights among the caste groups.
  - c) Hierarchical arrangement of occupations in terms of status and dignity – same occupations being treated superior and the others as inferior with a stigma of purity and impurity.
  - d) Provision for a comprehensive system of social and economic ostracisms and penalties to enforce the caste-based economic and social order and
  - e) Support and justification from the Hindu religious philosophy.

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 that occupations and economic rights are not only pre-determined by birth but their division (across the castes) is highly unequal.

In brief view of 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 (or graded) 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.

### **View On Economic And Social Consequences:**

Dr. 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.

Ambedkar recognized that the caste systems basic feature of ascribed occupations for each caste implies exclusion of our caste from undertaking the occupation of another caste. Exclusion and discrimination in occupation, and unemployment of labour, is they internal to the system and necessary outcome of its economics. And he observed immobility of labour and capital, under caste-wise division, essentially means occupationally segregated, and imperfectly immobile market situations.

In this context, Ambedkar observed, that there are many occupations in India which on account of the fact that they are regarded as degraded by Hindu provoke those who are engaged in these occupations and stigma casting on them by the Hindu religion.

### **Conclusion:**

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The brief synthesis of Ambedkar economic ideas, provides insights into his thoughts are economic development, planning, role of the state, alternative economic system and political economy of the caste system. This also brings out the evolution in economic thinking of Ambedkar since the early 1920's to the mid 1950's. The discussion on above issues are clearly indicates that although Ambedkar had written at different point of time in his political career, nevertheless, there is a common approach and thread which runs through his economic writings and thus present on internally coherent economic vision and perspective.

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