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## Dr. B. R. Ambedkar's Contribution to Indian Economy

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"Ambedkar is my father in Economics. His contribution in the field of economics is marvelous and will be remembered forever..."

(Professor Amartya Sen, Indian Nobel Laureate in Economic Science)

### Abstract

Dr. B. R. Ambedkar made foundational contributions to the development of the Indian economy through his scholarly works, policy ideas and institutional reforms. Trained as an economist at Columbia University and the London School of Economics, Ambedkar made an in-depth analysis on India's financial and agricultural problems. In his work "The Problem of the Rupee" (1923), he critically examined India's monetary system and proposed measures for currency stability, which later influenced the establishment of the Reserve Bank of India in 1935. He strongly advocated for a sound monetary policy and price stability to protect the poor from inflation. Ambedkar also emphasized industrialization as a solution to India's poverty and unemployment. He believed that rapid industrial growth would reduce pressure on agriculture and improve living standards. He supported state intervention in key industries and recommended land reforms and collective farming to address agrarian distress. As a Drafting Committee Chairman of Indian Constitution, he ensured provisions for social and economic justice, promoting equality, labor welfare, and affirmative action. Overall, Ambedkar's economic vision combined social justice with economic development, aiming to create an inclusive and balanced economy for independent India.

**Key Words:** Institutional Reforms, Monetary System, Currency Stability, Industrialization, Agrarian Distress and Inclusive and balanced economy

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## Introduction:

Dr. Ambedkar acquired the highest level of education of his times which included not only M.A and M.Sc but also Ph.D, D.Sc and Bar-at-law degrees and had a mastery over diverse subjects. He thus, turned out to be multi-splendid personality, a great jurist with an encyclopedic knowledge, an educationist and prolific writer and a political leader with a charismatic personality of a parliamentarian and administrator, a liberator of the downtrodden masses and a compassionate human being.

On many economic issues raised by Dr. Ambedkar, Prof. Edwin Cannan (the research supervisor of Dr. Ambedkar) while disagreeing, records the originality of Dr. Ambedkar's thinking and freshness in his views as under:

....."An old teacher like myself learns to tolerate the vagaries of originality, even when they resist severe examination such as that of which Mr. Ambedkar speak. His study of the Provincial Finances in British India is an authentic and original piece of research work, which for the first time raises the issues of British exploitation'.

Dr. B. R. Ambedkar made significant and intrusive contributions to the Indian economy through his scholarly writings, policy recommendations, and role in nation-building. Trained as an economist at Columbia University and the London School of Economics, Ambedkar had a deep understanding of public finance, monetary economics, agriculture, and labor issues. His economic ideas were rooted in the principles of social justice, equality, and inclusive development.

One of Ambedkar's major contributions was in the field of monetary economics. His work "The Problem of the Rupee: Its Origin and Its Solution" (1923) provided a detailed analysis of India's currency and exchange rate system. He advocated for a stable currency and played an important role in shaping the Hilton Young Commission's recommendations, which later led to the establishment of the Reserve Bank of India (RBI) in 1935.

Ambedkar also focused on industrialization and agricultural reforms . He believed that rapid industrialization was essential to reduce pressure on agriculture and generate employment. He emphasized the need for collective farming, land reforms, and state intervention to improve agricultural productivity.

As the Member of the Viceroy's Executive Council (1942–46) on behalf of labourers, he introduced several labor welfare measures such as minimum wages,

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limited working hours, maternity benefits, and employee insurance schemes. These reforms laid the foundation for modern labor legislation in India.

## **Objectives of the Study:**

- 1.To study the major contributions of Dr.B.R.Ambedkar to Indian Economic Thought.
- 2.To analyze the relevance and impact of Ambedkar’s scholarly works and policy ideas on Indian Economic development.
- 3.To examine whether Ambedkar’s economic ideas implemented in Indian Economy.

## **Methodology of the Study:**

The secondary sources of data are used in this study. These sources of data are collected from books and research articles by economists and historians, published journals on Indian economic history ,web links, Government reports and writings and speeches of Dr, Ambedkar of Govt. of Maharashtra, Education Department.

## **Ambedkar’s on India’s monetary system:**

Dr. B. R. Ambedkar’s book “The Problem of the Rupee: Its Origin and Its Solution” (1923) is a detailed study of India’s monetary system under British rule. His main views can be summarized as follows:

1. Criticism of the Silver Standard: Ambedkar strongly criticized the silver standard adopted in India during the 19th century. He argued that dependence on silver caused instability because the value of silver fluctuated heavily in international markets. This led to depreciation of the rupee and economic uncertainty in India.
2. Defects of the Gold Exchange Standard: He opposed the Gold Exchange Standard introduced by the British government. Under this system, India did not have a full gold currency but maintained reserves in foreign countries. Ambedkar believed this system was defective because it gave excessive control to the government and did not ensure real monetary stability.
3. Need for a Stable Currency: Ambedkar emphasized that price stability was more important than merely maintaining exchange rate stability. He believed currency policy should protect the Indian economy from inflation and deflation rather than serving British financial interests.

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4. Advocacy of a Gold Standard: He recommended adopting a true gold standard with a fixed supply of currency. He argued that gold currency circulating within India would ensure stability, control inflation, and restore public confidence in money.

5. Control of Currency Issue: Ambedkar suggested that the issue of currency should be carefully regulated and not left to arbitrary government decisions. His ideas later influenced the establishment of the Reserve Bank of India (RBI) in 1935.

### **Ambedkar's views on state intervention in the economy.**

Dr. B.R. Ambedkar strongly supported state intervention in the economy, but not in a dictatorial way. His views were based on the idea of social justice, economic equality, and protection of the weaker sections.

1. State as an Instrument of Social Justice: Ambedkar believed that political democracy would be meaningless without economic democracy. Therefore, the State must actively intervene to reduce economic inequalities, to protect labourers and marginalized communities, to prevent exploitation by landlords and capitalists. He argued that freedom without economic security is incomplete.

2. State Socialism: In his memorandum "States and Minorities" (1947), Ambedkar proposed a form of state socialism, which included Nationalization of key industries, State ownership of agriculture (with collective farming), Insurance and basic industries under government control. He believed that essential industries should not be left to private monopolies.

3. Regulation of Currency and Finance: In "The Problem of the Rupee", Ambedkar emphasized strong state control over currency and monetary policy to maintain price stability and prevent inflation. His ideas influenced the establishment of the Reserve Bank of India (RBI).

4. Labour Welfare and Industrial Relations: As Labour Member in the Viceroy's Executive Council, Ambedkar introduced Minimum wages, reduction of working hours (8-hour workday), Maternity benefits, Employee insurance. He believed the State must protect workers' rights.

5. Limited but Responsible Intervention: Ambedkar did not support complete elimination of private property. He favored a mixed economy. Constitutional safeguards to ensure economic rights. State intervention where necessary to ensure fairness

## Ambedkar's views on Labour Reforms

Dr. B.R. Ambedkar made significant contributions to labour reforms in India, especially during his tenure as the Labour Member of the Viceroy's Executive Council (1942–1946). His views reflected his commitment to social justice, economic democracy, and workers' welfare.

1. Labour as a Pillar of Social Justice: Ambedkar believed that political democracy would be incomplete without economic and social democracy. He argued that workers must be protected from exploitation and ensured fair treatment in industrial society.

2. Reduction of Working Hours: One of his major achievements was the introduction of the 8-hour workday in India (1942), replacing the earlier 12-hour work schedule. He believed reasonable working hours were essential for workers' health and productivity.

3. Social Security Measures: Ambedkar strongly supported social security for labourers. He promoted Employees' State Insurance (ESI), Maternity benefits for women workers, Compensation for workplace injuries Provident fund schemes. He viewed social insurance as a responsibility of the state.

4. Trade Union Rights: Ambedkar supported the right of workers to organize and form trade unions. However, he also emphasized discipline and peaceful negotiation instead of violent industrial conflicts.

5. Minimum Wages and Fair Conditions: He advocated for Minimum wages, Equal pay for equal work, Improved working conditions in factories and mines, protection of women and child labour

6. State Intervention in Labour Welfare: Consistent with his broader economic philosophy, Ambedkar believed the state should actively regulate industry to prevent exploitation. He did not support laissez-faire capitalism and emphasized state responsibility in labour protection.

7. Industrialization and Employment: Ambedkar saw industrialization as a solution to poverty and unemployment, but insisted that it must be accompanied by strong labour safeguards.

## **Ambedkar's views on Land Reforms in India**

B. R. Ambedkar had clear and progressive views on land reforms in India, linking them to social justice, economic equality, and the upliftment of the oppressed classes, especially Dalits.

1. Abolition of Zamindari System: Ambedkar strongly opposed the zamindari system because:

It exploited tenants and landless laborers. It concentrated land in the hands of a few upper-caste landlords. It reinforced caste-based oppression in rural areas. He supported the abolition of intermediaries and direct relationship between the state and cultivators.

2. State Ownership of Land: In his memorandum "States and Minorities" (1947), Ambedkar proposed Nationalization of agricultural land. State ownership of land. Land to be leased to cultivators. Collective or cooperative farming under state supervision. He believed private ownership led to inequality and exploitation.

3. Collective Farming: Ambedkar suggested Farming should be organized on collective lines.

The state should provide capital, seeds, irrigation, and tools. Profits should be distributed fairly among workers. He believed this would: Increase productivity. Reduce fragmentation of land.

Ensure economic security for small farmers.

4. Protection of Dalits and Landless Labourers: Ambedkar emphasized redistribution of land to landless Dalits, Legal safeguards to protect tenants, Economic independence as essential for social equality. He argued that without land rights, political rights alone would not uplift Dalits.

5. Economic Democracy: Ambedkar believed that political democracy (right to vote) must be supported by economic democracy. Land reforms were necessary to reduce rural poverty. to break caste dominance in villages, to ensure social justice.

## **Conclusion**

Overall, Ambedkar's economic vision combined financial stability, state-led development, and social equity, making him one of the key architects of India's economic thought and policy framework. Ambedkar viewed India's monetary problems as a result of flawed colonial policies. He proposed a scientifically

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managed, stable monetary system based on gold to ensure economic stability and protect Indian interests. Ambedkar's views on state intervention were progressive and practical. He believed that the State should play an active role in regulating the economy, protecting the weak, and ensuring economic democracy, while maintaining democratic principles. Ambedkar's labour reforms laid the foundation for modern labour legislation in India. His vision combined economic efficiency with social justice, ensuring that workers were treated not merely as factors of production but as human beings with rights and dignity. Ambedkar viewed land reforms not just as an economic issue but as a social revolution. He advocated state-led reforms, abolition of landlordism, collective farming, and redistribution of land to achieve equality and dignity for marginalized communities.

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