

Application of Ambedkar Economic Ideas in Nepalese Economy

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Abstract

In this paper, attempts are focused on economic thoughts of Dr. B. R. Ambedkar, mainly economic ideas reflected in his writings Problems of 'Small Holdings in India and their remedies' and its relevancy in Nepal. It can be said that Nepal economy at present is facing many problems similar to that at the time of Dr. B. R. Ambedkar in the field of agriculture. Analyzing his economic ideology, it can be said that Nepal could have been more agriculture growth if his ideas had been followed in its true spirit. So we can say that Nepal needs to follow his economic ideology in her short term as well as long term economic planning and policy making to shape a prosperous Nepal through agriculture development. Dr. Ambedkar analyzed India's agrarian problems from the view point of an economist. His main concern then was surplus labour and excess labour employment in agriculture leads toward scarcity of capital goods resulting in low agricultural productivity ultimately affecting adversely the process of overall economic growth. It is quite similar with Nepalese economy. In this context Dr. Ambedkar suggested that speedy Industrialization was prominent remedy for all ills of Indian agriculture. Same happen in the context of Nepalese economy. Similarly, the ideas about women empowerment by giving equal opportunities to female, caste system are equally applicable in Nepal.

Keywords: small holding, poverty, surplus labour, economic planning, productivity.

1. Introduction

Nepal and India have lot of similarities as well as their dependency to each other's seems to be high. They are related economically, socially, culturally as well as politically. So that the ideas propounded in India are definitely applicable in Nepal. Both of the countries have poor implantation of the economic idea suggested from the side of Ambedkar. He provided the rationale of collective farming an integral part of what he called 'State Socialism.' If such provision is set and implemented by the Nepal and Indian concerned authorities, then most of the hazards of agriculture will disappear and it will pave the way of industrial development. The productivity of

labour and capital in agriculture and industry starts to increase which also was explained by unlimited supply of labour of Arthur Lewis.

B.R. Ambedkar was born on 14 April 1891 in the town and military cantonment of Mhow in the Central Provinces (now in Madhya Pradesh). He was the 14th and last child of Ramji Maloji Sakpal, an army officer who held the rank of Subedar, and Bhimabai Murbadkar Sakpal. His family was of Marathi background from the town of Amavade (Mandangataluka) in Ratnagiri district of modern-day Maharashtra. Ambedkar was born into a poor low Mahar (dalit) caste, who were treated as untouchables and subjected to socio-economic discrimination and had a childhood of struggle for being untouchable and poor. The opportunity of having higher education in USA and England in Economics and various other subjects in social sciences and law equipped him intellectually to study contemporary socio-economic problems that emanated from a hierarchical social structure under an exploitative foreign rule. His probing analysis of the social order and the nature of exploitation perpetrated by the traditional social system was not only revealing but helped suggest pragmatic remedial measures which, due to lack of implementation, could not produce desired results, neither in his time nor thereafter (Patil, 2016).

'Small Holdings in India and their Remedies' is Dr. Ambedkar's seminal contribution to the theme of India's agrarian problem. The essay was first published in 1918. Since then Indian agriculture them being the Land Reforms they were enacted and implemented though haltingly in the 1950's; and the Green Revolution that took place in the mid -1960's. However what is gratifying to observe is that not only does Indian agriculture continue to suffer from the problems that Dr. Ambedkar addressed to in the present essay, or that the problems are becoming more intense with the passage of time but also that his analysis of the problem is relevant perhaps more today it was seven decades ago (Gauher, 2016).

Ambedkar argued that land was only one of the factors of production required to produce crops, and unless it was used in an optimal proportion with other factors of production, it would be inefficient. Landholdings should, therefore, not be fixed but should ideally vary with the availability of other factors of production: increasing with the availability of farm equipment and shrinking if the latter shrank. Any proposal to enlarge holdings can be entertained only if it can be shown that the availability of farm implements has grown considerably in the country, argued Ambedkar (Bhattacharya, 2016).

2. Objectives

The article is related with the contribution from the side of Ambedkar in economic literature and their applications to solve the economic problem of Nepal. The purpose of this article is to find the contribution and applications of economic ideas in Nepal. Even it has some specific objectives listed as below;

- a. To identify the contribution of Ambedkar in economic literature
- b. To analyze the economic ideas and applications of those theories in Nepalese economy propounded by Ambedkar

3. Data and methods

Agriculture is the backbone of Nepalese economy and true in the context of India. Approximately two third of the total population depend on agriculture but it only cover less than one third of our Gross Domestic Product. There is a gap between inputs and output in agriculture, so that there is a problem in Nepalese agriculture and we should learn from the policies suggested by Ambedkar to bring in the mainstream of development.

It is evident from his philosophy related with economic analysis is that Dr. Ambedkar concepts of family planning, upliftment of women and human capital and many others are important contribution to the development of the Indian economy, as the existing laws and reforms, land ceiling Act, minimum wages Act, distribution of surplus land etc are not effective it is essential to reconsider them in the context of Dr. Ambedkar's perspective. Also as current scenario of Indian economy, inflation, farmer conditions, India's large youth labor force not being fully utilized for the economic development, we need to reconsider the thoughts of Dr. Ambedkar and again frame our economic policies towards better economical growth of India (Ransure, 2018).

If all the policies announced by Dr. Ambedkar regarding to land, human resources, industrialization, empowerment of women, caste system are properly and efficiently applied then the long run development of a country is possible. Capital formation is a key source of higher productivity in all sectors of an economy so that its rate should be accelerated.

Contribution of Ambedkar in economic literature

Dr. Ambedkar had lot of work in his life. His philosophy is still applicable in the world to address what to produce, how to produce and to whom should be produced. Some of the core works did by him and their relevancy are listed as below;

Contribution and problems of agriculture

Bhimrao Ramji Ambedkar had contributed lot in economic literature. He was born in India but his philosophies are applicable all over the world to solve economic problems. For example; He mentioned that holdings of lands by few people is an acute problem of Indian agriculture which has various disadvantage, like difficulties in cultivation and utilization and resources, increasing loss, low productivity, inadequate income and low stand of living. According to Dr. Ambedkar productivity of agriculture is related to not only with the size of holdings of land but also with other factors such as capital, labor and other inputs. Therefore, if capital or labors etc are not available in adequate quantity and quality, then even a large size land can become unproductive. On the other hand, small size land become productive if these resources are available in plenty. With this thought the 'Land Ceiling Act' is passed after independence. He also mentioned about the slavery and exploitation of Labour bounded under caste system being extremely bad for economical development and fought for its abolition. His other suggestions for solving agriculture problems include collective farming, economic holding of land or equal distribution of land, Large scale industrialization, provision of money, water, seeds and fertilizers by the government, cultivation of waste land by allotting waste land to landless labor, minimum wages to labors, control and regulation of private money-lenders giving loan to farmers (Ransure, 2018).

3.1 View of Taxation Policy

Dr. Ambedkar expressed his views on taxation in the manifesto of 'Swatantra Majdur Party' in 1936. He opposed Land Revenue System and the taxes in it, as the burden of these taxes were significantly falling on the poor sections of the society. His suggestions in regard of taxation are as follows - Tax should be imposed on payers' capacity and not on income. Tax should be less on poor and more on rich. Tax exemption should be given upto certain limit. There should be equality between different sections in tax imposition. Tax should not lead to lowering

the standard of life of the people. Land Revenue tax should be more flexible and should not Levy on agricultural land. He suggested that Indian tax system at that time was based on discrimination and inequality (Ransure, 2018).

3.2 Nationalization of Industries

Dr. Ambedkar opines that rapid development of India is impossible without industrialization. According to him large scale production of goods and services at domestic level should be forwarded. This would lead to create additional employment for people in the country on one hand, and would lead to production of basic and essential goods for mass consumption on the other hand. It is useful to utilize raw materials, reduce foreign dependence and increase security and efficiency to labor, and ultimately drive to the overall economic development of the economy. The private sector cannot regulate and control of big industries as it requires massive scale investments. So, government should take the responsibility to start, regulate and control large scale industries in public sector. The smaller industries and sectors should be kept in private and cooperative sectors. The insurance and transport sectors should be nationalized and regulated by state. Right to strike should be given to laborers as a personnel freedom.

Caste system and economic development

According to Ambedkar, the caste system in India was a major obstacle to economic growth and development. He believes that the caste system is responsible for immobility of labour and capital in the country. This can be understood by the fact that people in India invest and employ their skills, labour and capital into the occupations mainly assigned according to the caste system, even if these decisions might be inefficient for them. In this context Dr. Narendra Jadhav, in his research paper, 'Neglected Economic Thought of Babasaheb Ambedkar', states that, "In a broader sense, change is the essence of the process of economic development; it calls for continuous changes in socio-economic patterns. The caste system, on the other hand, advocates perpetuation of the traditional socio-economic pattern and as such is detrimental to economic development." Ambedkar believes that the practice of untouchability is a curse to the humanism. It is not only a religious system but also an economic system worse than slavery (Knowledge Consortium of Gujarat, 2016).

Knowledge Consortium of Gujarat further states that regarding to the strategy of economic growth and development, Ambedkar analyses the problem of small land holdings in India. He found in his study that more than consolidation and enlargement of land holdings, conversion of them into economic holdings through the use of right proportions of capital and other inputs is

required. Moreover, he stated that the progress of industrialization would on the one hand lessen the burden over agricultural sector by shifting the surplus labour from the land and on the other hand, manufacture more capital tools for use in agriculture sector thereby leading its progress. So his strategy for economic growth and development is an inclusive as well as right growth strategy as per best notions of Economics, whereby economic development starts with the growth of primary sector, surplus labour from it moves to secondary sector employment and simultaneous development of two sectors to reinforce each other. And on the base of proper growth of these two sectors, the tertiary sector grows. He is in favor of 'state socialism of his own kind'; thereby state should take the responsibility of inclusive economic development.

3.3 The economic ideas of Ambedkar and their applications in Nepalese economy

Economic ideas of Ambedkar even propounded in the empirical evidences of India but those have wider and comprehensive application all over the world. His idea in the context small land holding and their remedies, agriculture development is analyzed and recommended community farming. The distribution of land among the families is in a village for collective farming. No discrimination as landlord, tenants and agriculture labors, so that productivity of land starts to increase. All agriculture input like capital, seeds fertilizers etc. would be provided to collective farming by the government. Distribution of agriculture income should be done only after payment of land revenue tax. If such types of policies strongly introduced and implemented from the side of Nepalese concerned authority then it may pave the way of rapid rate of economic development.

Nepalese agriculture is dominated by elite group and have large share of land but it is unproductive. Actual farmer have no land so that productivity of land is low. Now an example will be relevant here, approximately two third of total population of Nepal are involved in agriculture for their livelihood but it only contribute less than one third of total GDP. Only less than one percent of annual student enrollment is in agriculture. Law of inheritance is one of the important obstacles in the field of agriculture development in Nepal. Similarly, unnecessarily fragmentation of land in Nepal is a problem of agriculture that can be overcome with the help of implementation of appropriate land use policy Act. Very small number have their own land and their holding is small that commercialization in agriculture is almost impossible. Small size of production cannot compete with the same product in the global market. Other countries have huge

subsidies in agriculture so that Nepal cannot compete. table 1;
 Number of land holders and size of land is presented in

Table 1: Number and Total holding of Land in Nepal

Total area of holding	Holdings			
	Number	Area(ha)		
		Wet	Dry	Total
Holding without land	115,538	990.4	2,128.9	3,119.3
Holding with land	3,715,555	1,583,217.9	939,302.1	2,522,519.9
Under0.1ha	355,549	10,033.3	10,043.2	20,076.5
0.1haandUnder0.2ha	461,957	35,336.5	32,825.3	68,161.8
0.2haandUnder0.5ha	1,169,503	212,482.3	184,238.6	396,720.9
0.5haandUnder1ha	984,022	394,388.5	300,671.6	695,060.1
1haandUnder2ha	548,974	481,111.7	268,698.3	749,810.0
2haandUnder3ha	129,364	225,777.7	82,790.8	308,568.5

Sources: CBS, 2011/12

In table 1, it is clear that the distribution of land in Nepal seems to be irrational and uneven. The number of land less people are still work in agriculture sector as a wage earner or in another forms. Significant number of farmer (land holders) are in the threshold of 0.1 to 1 hector in Nepal which still is the challenging issue for the increase in production as well as productivity of this leading sector. The problem of Indian agriculture is similar of Nepalese agriculture that real farmer still are depriving from land ownership. One difference in Nepal and India is Nepal is indifference about agriculture but it is the matter of grave concern to Indian government. In India, various subsidies from the side of central, provincial and local government are distributed to the farmer so that Indian agricultural products are cheaper when it compared with Nepalese same products. Available land cannot utilize properly in the sense that there is no irrigation facility in the agricultural land. The condition of irrigation, average size of land holding and average parcels is presented in table 2; Table 2 is the clear picture about the present condition of agriculture of Nepal. Only 17 percent of total land is in Terai region, remaining 15 & 60 percent of land is in Himalaya and Hilly regions respectively. Out of that 17 percent land, most of fertile land is covered by dense construction of houses. 54. 4 percent of total cultivated land has irrigation facility.

Table 2: Agricultural related characteristics of Nepal

Indicators	Characteristics	1995/96	2003/04	2010/11
1	Percentage of irrigated land area	39.6	54.3	54.4
2	Average size of agricultural land (in hectares)	1.1	0.8	0.7
3	Average number of parcels	3.8	3.1	2.9

Sources: CBS, 2011/12

Lack of irrigation facility is the main causes of low production, ultimately leads toward low income of the farmers. Dr. Ambedkar opined that such problem should be mitigated by constructing mega dams (projects) from the side of state. Mega projects have two advantages; one, it increase the irrigation facility and in the other it is useful to produce electricity. Average size of agriculture land is decreasing year after year. Within the range of 15 years, approximately average size of agricultural land decreased from 1.1 hector to 0.7 hector. Small piece of land has a greater problem for modernization in agriculture. Dr. Ambedkar so that he had a concept of mass farming to solve this problem and same policy is useful for Nepalese economy. Similarly, number of parcel is an indicator of dynamicity of population and it represents the capital of farmers. In Nepal, the piece of land with farmer is

decreasing. In FY 1995/96, average number of parcel was 3.8 which were only 2.9 in FY 2010/11. Inflation and racial conflict of Terai region are responsible for the decrease in the number of parcels in the hand of Nepalese farmers. Higher the number of parcels, higher time will be consumed to the farmer so that they like to keep less parcels but higher area of land.

Dr. Ambedkar ideas in the context of agriculture can be solved by applying mass farming. It will create additional employment opportunities in agriculture sector of Nepal. Similarly, nationalization of big industry may be the key source of Nepal's poverty reduction. Low capital formation is an important problem and solved by using the strategy suggested by Dr. Ambedkar. Agriculture and industry should be developed simultaneously, so that service sector is automatically developed. It is known as linear model of development which is suggested to solve the problem of low capital formation in Nepal.

Caste system according to him is an obstacle of development in India. Same is true in the context of Nepal. Caste system restricts the selection of occupation so that it has a negative effect in production. Caste system is not merely the division of Labour but a division of laborers also. It is not based on natural aptitudes or skills. It reduces vertical mobility of laborers leading to inefficient production and resources are not allocated according to Pareto optimality. Untouchability is worse than slavery in the eyes of Dr. Ambedkar. It is a system of exploitation and vertical division of people. Nepal is facing same problem which also may be the cause of low production. People are divided in the name of caste which reduce social mobility, definitely is the cause low production. This system should be eradicated for smooth development of a country.

Women empowerment is another variable that can be explained as independent variable of development. In India, most of the women are confined inside the four walls of house according to the Dr. Ambedkar, so that if they are not bringing in the mainstream of production, development may not be comprehensive. He suggested the device known as women empowerment for the growth. Nepal also learns from the idea of Dr. Ambedkar to distribute the fruits of development to all Nepalese people.

4. Conclusions

Ambedkar was a strong advocate of land reforms and of a prominent role for the state in economic development. He recognized the inequities in a capitalist economy. His views on land holding and land revenue system are applicable in Nepal and India. The government must be adopted co-operative and collective agriculture to increase the size of holding and parcels ultimately increase in

productivity. Being an agrarian economy, Nepal is not independent in food grains and compels to import agriculture products. Average size of agriculture land is decreasing year after year. Within the range of 15 years, approximately average size of agricultural land decreased from 1.1 hecter to 0.7 hecter. Small piece of land has a greater problem for modernization in agriculture. Dr. Ambedkarso that he had a concept of collective farming to solve this problem and same policy is suggested for Nepalese economy. Similarly, number of parcel is an indicator of dynamicity of people and it represents the net capital of farmers. In Nepal, the piece of land ownership with farmer is decreasing. In FY 1995/96, average number of parcel was 3.8 which were only 2.9 in FY 2010/11. Collective farming with government intervention is recommended from Dr. Ambedkar and quite effective land use policy for Nepal also. Caste system is not merely the division of Labour but a division of laborers also. It is not based on natural aptitudes or skills. It reduces vertical mobility of laborers leading to inefficient production and resources are not allocated according to Pareto optimality. Nepal is facing same problem which also may be the cause of low production. People are divided in the name of caste which reduce social mobility, definitely is the cause low production. This system should be eradicated for holistic development of a country. Women empowerment policy suggested from the side of Dr. Ambedkar should be followed by Nepal so that all have the fruits of development. It is important to improve the economic status of women. It is possible by giving those equal rights in every sphere of life and freedom of occupation.

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