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“An Evaluation of Dr. Ambedkar’s Economic Thought on Agriculture in the Context of Globalization”

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Preface

Bharatratna Dr. Babasaheb Ambedkar: an eminent socio-economic thinker and epoch-maker shaped the economic destiny of India by introducing many tenets of the State Socialism into the Constitution of free India. He was post-graduate of Columbia University (U.S.) and obtained his doctoral degree in economics from there in 1917 and D.Sc. degree in 1921 from renowned London School of Economics. Abroad, he shared his thoughts with distinguished economists like Prof. Seligman and Prof. Cannon. He had a short stint with Sydneham College Bombay as a lecturer in economics during 1918 -20.

His economic thoughts are spread over plethora of pages, speeches and statements made in various capacities. He was the first to co-relate the evils of untouchability and caste-system with the economic system. It was to his credit that financial and economic provisions were entered into the Law of the Land i.e. Constitution of India.

Dr. Babasaheb Ambedkar was much more than a mere economic thinker. He was philosopher, social thinker, a fantastic scholar, a leader, a political activist, an apostle, and a savior of millions – a true architect of egalitarian society. Such a person can only be a revolutionary at heart. Above all these attributes, he was the noble visionary aspiring for the peaceful and prosperous world without malice.

Agriculture being the backbone of the Indian economy many problems like land-reforms, fragmentation and subdivision of land were discussed by Dr. Ambedkar threadbare. The problems are still current and are further aggravated by the density of population and urbanization. The size of land holding is getting diminished day by day causing innumerable misery to the farmers. The marginalization of land is marginalizing the landholders on large scale. Dr. Ambedkar foresaw all this and emphasized the inability of consolidation and other means of increasing the size. He was aware that any system of equitable distribution of land and land reforms would be inadequate for singular reason that there is no ample land relative to population. Therefore he felt that collectivism was the only answer for problems of agriculture. This was in tune with welfare State visualized then. The collective farming would reap the advantages of large scale production which would increase labor productivity. He was for growth and development of agro-based industries and industrialization of the rural areas. This in his view would enhance employment of workers and the land-less. Dr. Ambedkar proposed collective farming in a slight different way from communes. The proprietary rights would remain

with respective farmers but they would not be permitted to cultivate lands unless they join with adjoining farms. In case it was not done then government should interfere and acquire lands after paying appropriate compensation. The land so acquired should be divided into equal holdings and should be given to the villagers for cultivation. Dr. Babasaheb Ambedkar justified the government interference saying that non-interference of government would mean private autocracy.

While discussing the problem of subdivision he emphasized that the absence of law of primogeniture (the property should rest with first born) led to non-economic holding. He defined his concept of economic holding on the basis of a family unit. The land should be adequate enough to provide employment to whole family and must be able to provide subsistence to the family. His was scientific and hence the holistic approach in a sense.

As a political activist Dr. Ambedkar founded Independent Labor Party in 1936. The agenda covered landless labors and peasants. As the part of action plan of the party Dr. Ambedkar led a 'march' in Mumbai of twenty thousand peasants from 'Azad Maidan' to Bombay Legislative Council on 10th January demanding:

- ✓ **Minimum Wage Bill for land hands.**
- ✓ **Bonded labor to be declared a criminal offence.**
- ✓ **The fallow land should be allotted to farmers free of charges.**

Thus, as a thinker he propounded collective or co-operative farming and as a pragmatic leader of masses he urged upon reforms in laws and abolishing Jamindari, Watans including those granted to downtrodden or any other titled holdings with a view to de-monopolization of land and uplift the stature of farmers of all classes.

Globalization and agriculture: At present, after the new economic program, the socialistic controls and government's direct initiative has taken a back seat. The Nehru-Ambedkar- V.K.R.V. Rao model has been discarded in intent if not on paper. Much of this is at the behest of the WTO and IMF and mostly under duress. The empty coffers of foreign exchange and astronomical burden of foreign debt probably left no other way out. The failure of public sector economies all over the world added to the haste of bowing to new structure of free markets and free flow of capital.

In consequence of the reforms the farmers do not seem to be benefited though the market prices of many products have gone up the real gain of the farmers has decreased for instance

Product	1999 Price at Farm point	Present Prices at farm point	loss
Tea	Rs. 19 /kg.	Rs. 5 /kg.	Rs. 14 /kg.
Coconut	Rs. 10	Rs. 3	Rs. 7
Paddy	Rs. 650/Qint	Rs. 450/kg	Rs. 250/kg

There are many more products like these which are incurring losses. The worst thing is that the researches in producing different pulses or variants of it are being stopped. The wheat and Sugar producers are worse hit due to open market economy at global level. The cotton growers are in a fix because neither the support prices nor the market prices make up their crudest production costs. The rampant suicides are glaring examples of failure of market mechanism. The tiny lands and huge markets are incompatible. Hence, collective farming and /or social controls are still the need of the day. The agro-industries do need protection against European imports particularly that of sugar.

The imposition of limits on subsidies and scarcity of loans to farmers has added fuel to fire. The logic of free markets is incomprehensible in face of poverty and misery in agriculture sector. In addition, to encourage FDI the government in contravention to the spirit of free economy where investors are supposed to bear the losses or enjoy the profits, guarantees 14% to 16% returns to foreign investors while denying the subsidy to poor farmers. The perversion of the logic is incredible. Support the rich foreign investors and starve the poor farmers seems to be motto of new economic world.

In addition, the intellectual property rights and “International Union for the Protection of Plant Varieties Act- 1991” in contravention to earlier provisions debar use of seeds grown in own farm. Thus, the very foundation of agriculture is shaken. From times immemorial the farmers grew their won varieties, recycled them as inputs. The tribal people and others have created panorama of plant varieties out of flora and fauna over the centuries without claiming any copy rights or patents.

The globalization thus is bound to become one-way traffic for wealth of Nations as in the olden days – from poor countries to rich ones. The TNCs can easily get away by using these same age old varieties under the name of patents as they have not to declare the source.

As if the cup of sorrow is not full the SEZ and special zones are causing further marginalization and increase in petty holdings by acquiring lands belonging to farmers and divesting them for infra-structure. This has reduced cultivable land space. When one thousand hectares are transferred to non-agricultural use it displaces 900 farmers and 760 land- laborers.

The resultant anomaly due new reforms is that 2.17 crore ton food-grains are stocked in depots while 22.1 crore people are starving. 63% children are underfed. 53% are succumbing to bad-nutrition. The world avowed at Rome that by 2015 poverty will be wiped out by 2015 from the face of the globe. But even the World Bank acquiesces that India would not be able to remove poverty by 1915. The policy bereft of social aims has not been able to break the shackles of vicious circle of poverty and hence, of starvation even after twenty odd years.

The reforms have renewed the doctrine of “survival of the fittest.” This has no place in Dr. Ambedkar’s thought which inherits basics from doctrine of compassion and equality from Lord Buddha.

On this background the study aims its probe. The study is divided into following chapters.

1. Introduction
2. Dr. Ambedkar’s views on Indian Agriculture
3. Globalization and Indian Agriculture.
4. The present agricultural system and relevance of Dr. Ambedkar’s views.
5. Conclusions

Chapter-1 Introduction

The chapter is devoted to the methodology used, the objectives, hypothesis and review of the literature. This is preceded by a brief background then obtained in Indian agriculture.

- 1.1. On the eve of the First Five Year Plan Indian agriculture assumed a great importance. It was the main industry of India. The dependence on agriculture was 65% and more than 72 percent population was housed in more than six lakhs villages. The Indian exports mainly comprised of primary agro-based products.

- 1.2. The main issues were consolidation, determining the economic holding and land-reforms. The land tenures were of three types namely, 1. “Jamindari” 2. Rayatwari and 3. Mahalwari. They were all exploiting systems with heavy taxation on tenant cultivators. India then needed new revenue system and land holdings. The Jamindari concentrated immense land in the hands of few upper-class people and with castes taboos rampant the whole
- 1.3. While land concentration in the hands of few led to many evils on one hand the tiny holdings caused problems of low productivity, unviable technology and mechanization of farming. The problem was worsened further due to financial inadequacy. The institutional finance had not reached to villages and while non-institutional finance controlled 71% of finance on the eve of the First Five Year Plan.
- 1.4. The things improved during plan periods and green revolution. The self-sufficiency in food grains was achieved. The growth rate in agriculture touched 3.5 %.
- 1.5. However, after the globalization, many changes took place in agriculture sector. The reduction of subsidies, the free entry to foreign products in domestic markets and decreased aid to the export all has affected farmers adversely. This created a peculiar situation that while there was no letup in traditional problems the globalization added its own quota to the horde. And hence, the profound attention given to the agriculture by Dr. Babasaheb Ambedkar is still relevant.

1.6. The objectives;

The broad objectives are:

- Study the thought of Dr. Ambedkar in the context of changed status of Indian Agriculture.
- To study in details the views of Dr. Ambedkar on land reforms, economic holding, consolidation, fragmentation and sub-division.
- To find the probability of revival of collective farming and Nationalization of Agriculture as proposed by Dr. B. R. Ambedkar.
- To get a direction from Dr. Ambedkar’s thought for present problems faced by Indian agriculture.

- 1.7. **Research Methodology:** The study in most parts is historical and descriptive in nature. Hence, the reliance is on documentary evidences obtained through primary sources like

books, letters of Dr. B.R. Ambedkar. This would be enriched by his speeches in Parliament and elsewhere as well the commentaries on his works by eminent persons. Similarly the experience based data will be assembled from people connected with and people carrying on his thought and movements through interviews.

1.8. **The limitations:** It is hardly possible to encompass multifarious personality into any one study. At the same time, it is impossible and not proper to isolate one aspect from the other as the **thought is a single entity of panoramic vision of an architect of human society**. Yet the study perforce concentrates on economic thought though not in entire seclusion from his social, political, educational, and juristic and many other views.

2. Chapter-2 Dr. Ambedkar's views on Indian Agriculture

The chapter contains views on fragmentation, consolidation of land, extension of land, land hands, State Socialism and policy on agriculture. Surprisingly, while Dr. Ambedkar's varied views and roles like social reformer, crusader for human rights, champion of downtrodden, etc. got world-wide recognition his role as economist got relegated to the background — that too in a poverty ridden nation.

2.1. Dr. Ambedkar wrote three intense treatises on economics, from which the study draws very heavily.

1. East India Company: Administration and Economic policy.
2. Evolution of provincial finance in British India.
3. Rupee Problem — origin and remedies.

2.2. The first two titles contributed immensely to the science of Public Finance and the latter belonged to monetary economics. The value of rupee was a burning problem then under the gold exchange standard as the rupee was tied to sterling currency. Ironically, today also (1912) the rupee value is receding fast and economy is back to square A (1991).

2.3. Dr. Ambedkar though not in agreement with Marxism for many other reasons favored Nationalization of land as a remedy for many ills of agriculture. In his essay on “Small Holdings in India their Remedies¹” Dr. Ambedkar expresses the view that **in some countries there is predominance of small land holdings, because when land is a means of subsistence of necessity the family land gets divided amongst all children. This results in automatic breakup into small holdings. However, when land is a**

¹ 1918, Journal of Economics Society - Vol. I

means of power and protection instead of means of subsistence then is kept in tact without fragmenting into small pieces. Reason is clear that power requires ever expanding wealth.

2.4. Dr. Ambedkar explains that the small size holdings are very precarious to Indian agriculture. He further states that small holdings in spite of their drawbacks could be acceptable if they are all inclusively equipped. Unfortunately that is not the case. He points that the law of inheritance may do justice to the descendants but it leads to fragmentation which in turn causes high costs and low productivity.

2.5. According to him the consolidation of land is a practical problem while enlargement of it is ideological one and needs fundamental thinking. He opines that if the ideological problem is not resolved earlier than two issues would arise out of it namely, 1) the consolidation of scattered tiny pieces and 2) when and if consolidated the problem would be of retaining the size permanently. He warns that consolidation involves overlapping of proprietary right. According to him, when consolidation is not possible the only alternative caused by scattered subdivision is the rural industrialization.

2.6. Dwelling upon consolidation further he says that every owner who loves and cares for his land wants it to be economically gainful too. He aptly states that the economic gain is not an imaginary or vague concept. It is an effect of land, labor and capital combined in certain proportions. The skill of farmer alone is not sufficient. He needs help from other factors of production. (One may go back to physiocracy where land alone was considered to be productive). He does not harp upon the size of farm as the only factor and says, 'the economic yield does not depend merely upon the size of farm but on fine-tuning the size to the cultivation capacity.' The crux and nature of agricultural production could not have been stated in any other way.

2.7. He considers unemployed labor to be a hazard and invitation to social evils like thievery and robbery. Here, he brings in the indirect benefit of industrialization to agriculture saying that it would reduce the pressure on agriculture and the labor would earn not merely the subsistence but something more than that. This would lead to savings and capital formation. Thus, according to him 'though apparently strange the strong and sustained industrialization of India is the only alternative for problems in agriculture.'

2.8. Dr. Ambedkar's deliberation on collective farming and nationalization of agriculture is vividly discernible in his famous statement² made in the Constituent Assembly on 15th March 1947. Through this he demanded the incorporation of State Socialism into the Indian Constitution. He detailed out the future course of 'State Socialism'. Therein he stated that Agriculture would be a State Industry and land will be cultivated as per the directions of the government. On its part the State would make up for seeds, fertilizers, tools, animals and water etc. He made it imperative that state should provide the finance to agriculture. He wanted all this to be completed within ten years. (Unfortunately all this was not done.)

2.9. As to agriculture policy he had spelled out his views way back in a manifesto of "Scheduled Cast Federation".

2.10. Later on, in a very stirring speech delivered on 10-1-1938 he said, 'In truth, there are only two castes- one rich and other poor. Apart this there is a third one – the middle class. This class is responsible for the destruction of any movement on the face of the earth.' This establishes his perceptive of class-based society.

2.11. Actively he led the 'Grow More Food' movement.

To sum up, Dr. Ambedkar thought of agriculture as a national level issue and at the same time with equal fervor and talent he thought about the emancipation of last man —the then untouchable, the present downtrodden, the tribal society.

3. Chapter-3 Globalization and Indian Agriculture.

The present chapter covers the status of Indian Agriculture after globalization; it specifically covers the following aspects of globalization and new economic reforms.

- ✓ GATT & WTO
- ✓ Patent Acts
- ✓ TRIPS, and
- ✓ SEZ

3.1. When, in 1991 then Prime Minister Mr. Narsinhrao decided to join the world stream and accepted the WTO fold, agriculture was spared. But in 1994 at Uruguay the Agriculture was comprehensively brought under WTO purview. After the Mexico round of Ministerial Conference the Agriculture opened to free trade all member Nations signed

² The statement is known as "States and Minorities".

the agreement to the effect and it came into force from 1st Jan 1995. Globalization in the words of Dr. Rangarajan: ‘is an integration of economic and social systems through the flows of information, knowledge, technology, goods and services and, finance and capital from abroad.’ The globalization involves five main ingredients.

- Liberalization,
- Opening the doors to free trade,
- Privatization,
- Market-orientation, and
- Monopolization of industries.

The World Bank in 1991 proposed five points program:

- ✓ Curtailment in concessions awarded to agriculture.
- ✓ Reduction in public expenditure.
- ✓ Improvement in food security net-work.
- ✓ Research in agricultural loans.
- ✓ Removal of restrictions sale and trade.

This all affected the agriculture adversely.

3.2.The origin of all this dates back to 1947 when General Agreement on Tariff and Trade was signed which provided specific clauses relating to a) entry into open market (clauses 4 & 5), b) domestic subsidies (clauses 6 & 7), c) competition in export (clauses 8 & 9), d) public distribution system e) health provisions (clause 14). The agreement about trade in services came into being in 2005 which was signed by 149 countries.

3.3.The WTO approach towards agriculture is proved unfavorable to Indian agriculture. The reduction in subsidies has caused increase in cost and decrease in demand. The agreement was that the developed countries would taper subsidies by 20% and developing nations by 13% within ten years. However, developed countries continue to provide aid under the name of ‘blue’ and ‘green’ boxes.

3.3.1. Prior to all these developments the international prices of agricultural products in India were lower than those in the global market. But, through underhand aid given to their farmers, the developed countries brought down the level of their product causing spurt in their commodities. This resulted in voluminous losses to developed countries. The farmers associated with export industries resorted to suicide on large scale.

3.4.The plight of agriculture continues because of patent laws. These laws provide:

- production patent by producers,
- patent of micro-organism, and
- Complicated process patent of micro-organisms.

3.4.2. Toeing the line government of India in 1993 passed the ‘Plant Varieties Act’ in a hurry. In 2004 government asked the seed producers to patent their seeds. This all will kill the initiative of the farmers to experiment and innovate by them-selves. This would cause further reduction in varieties and agriculture would become a dour industry producing prototypes without local spice or flavor. Most important is the poor farmers will have to either by the seeds from MNCs or big companies and bear the burden of royalties.

3.5.The SEZ is the fond child of new economic policy. By now 550000 acres of cultivable land has been acquired for these special projects. Till July 2007 the number of Zones reached 362 and only 1.23 crore people could get jobs in scheduled 133 zones. This goes to show how much illusive is the assurance of employment. SEZ ipso facto is capital intensive and hence cannot be trusted to generate huge employment needed. The displaced, the disguisedly unemployed and underemployed would form a vast army of ‘beggars and paupers’ as Karl Marx would call it.

4. Chapter-4 The Present Agricultural System and Relevance of Dr. Ambedkar’s thought

The chapter contains fallowing issues: (not necessarily in that order).

- A. Institutional reforms,
 - a. enlargement of size of farm,
 - b. redistribution of land
 - c. economic size and land holding,
- B. finance to agriculture & rural credit,
- C. new agricultural policy,
- D. suicide by farmers, and
- E. Agriculture and economic development.

4.1.The changes in the pattern and methods of cultivation are regarded as institutional reforms. The ownership, redistribution of land and taxes and enlargement of size of farm are institutional issues.

4.1.1. The three dominant systems in India till then were 1. “Jamindari”, 2. Rayatwari and 3. Mahalwari. All these three lacked self-interest and motivation needed for any industry. In addition it was inequitable system causing inequalities of income and wealth. The tenancy of land was always insecure and exploitation by landlords was unbearable. The reforms assumed great importance and became vehicle of rural development.

4.2.No doubt the reforms made after Independence did help the development of land. However, these reforms made by democratic means left large gaps and getaway routes for the established Jamindars and big land lords. Yet, it was a change from the imperialistic style of land management.

4.3.The Bhudan Movement of Sarvodaya & Vinoba Bhave was another important social endeavor for taking off excess land willingly from landlords and redistributing it. However, this and co-operative movement did not get a good foot-hold in rural India.

4.4.The glitch due to fragmentation is well-known. The fragmentation was the result of many causes as discussed earlier. The prime amongst them were:

1. Laws of inheritance,
2. The disintegration of joint families,
3. The collapse of cottage and village industries in the face of large scale production,
4. ever increasing population,
5. the emotive approach instead commercial one towards land, and
6. The unsociability due caste-system.

4.5.The problem is further confounded by the credit system or rather absence of it. The rural money market was and still is subservient to private financiers and unadventurous banking system. The former lenders levy very high rate - up to 120 per cent while the latter are playing safe and would not loan for want of adequate security. The problem of credit system is not the indebtedness but of non-productivity, the increased market risks and lack of institutional finance.

4.6.The new agriculture policy of 2000 aimed at increasing the agricultural growth rate to 4%. This was rather an affront on agriculture. The target should have been equal to industrial growth rate or even more than that because agriculture is the basic input for industry and economic growth.

4.6.1. The irrigation and other provisions made then are certainly beneficial. However, the real issues will continue to plaguing the agriculture. Because the free trade, revival of the tenancy system and privatization of investment particularly of infra-structure and of seed production by big MNC & TNC is going to result in unemployment, displacement and abuse of the poor farmers.

4.7. The suicide by farmers is no longer news but a routine event brushed aside in one or two regretful notes. The apathy of all concerned has taken the lives of 256913 within six years (2005-2011).

4.7.1. The number may appear very fragile in 110 crores but they are the human lives lost. It is a glaring indicator of chronic deficiency of the system. When in one or other quarter every thirty minutes a farmer is terminating his own life, the serious National debate evolving radical & resilient agricultural policy is called for. The gratuitous packages are like a provisional liniment and not the lasting therapy.

4.8. Dr. Ambedkar amongst his entire prognosis overwhelmingly insists upon sound industrialization as the best and only way out of the agricultural policy muddle. The agro-based concerns, he thought, would help the growth of agriculture in many ways by taking away the pressure of population from agriculture, thereby increasing productivity and earnings. The main cause for low productivity he noted was the division of land into tiny and hence, un-economic holdings. The industrialization would reduce much burden from these economically non-viable pieces.

4.9. The application of State socialism under Indian conditions of Dr. Ambedkar was carefully thought out ideology. It was a profound approach to the problems. It was also the scientific and logical wisdom and not mere emotive demand. The incontrovertible logic behind it was that the agriculture or land being the basic input of any economy the development of that economy would depend upon the development of the land which in turn will depend upon right and just policy. He was for justice to all and at the same time very pragmatic in his approach. Under the circumstances he discerned that the only collective farming or State control would make the farm size feasible.

Chapter-5 Conclusions

The important findings of the study are:

- 5.1. Dr. Ambedkar's thought is totally in disagreement with the globalization creed. The new faith would obliterate the social democracy of India as visualized by Constituent Assembly and articulated in the preamble especially by Dr. Ambedkar.
- 5.2. The free economic system is replacing mixed economic pattern which was meant to combine best of both the systems namely, totalitarian and free one.
- 5.3. The impositions of WTO and IMF are in contravention to the interests of millions of poor Indians high percent of which are housed in rural India. The dominance of international institutions has reduced India's position to that of a minion state rather than of a sovereign state.
- 5.4. The globalization encourages free imports instead of import-substitution and thereby decreases the domestic production. This has resulted in increased imports of agricultural commodities to India.
- 5.5. The amendments made in Indian Patent Act have deprived Indian farmers of their fundamental right to use their own products as seeds. This is illegal, unnatural and inhuman action just to favor few TNCs and MNCs and encourage imperialistic designs of capital of developed Nations. Practically, it is costlier affair to buy company patented products.
- 5.6. Dr. Ambedkar on the contrary provided for economic justice by propounding State Socialism. It was meant to provide equality and create class-less society. The Nationalization emphasized by him aimed to remove private monopolization of wealth and dominances of capital.
- 5.7. Dr. Ambedkar emphasized Nationalization of agriculture but the privatization era has now adversely affected the farmers from tribal areas whose lands have been sold by the government to SEZ and big international companies. The privatization will further deepen the gap between the poor and the rich.
- 5.8. The agriculture and particularly the marginal and small farmers need protection and help from the State.
- 5.9. To sum up, to avoid the misery, poverty and deaths of farmers, and to control the environmental and ecological balance, and to restore the true democracy of egalitarian society the need of the hour is Dr. Ambedkar's ideology instilled with humanity and

ethics. The best way to sign off is to remember his magnificent way of looking at human life:

“Distinctive human function is reason, the purpose of which is to enable man to mediate, cogitate, study and discover the beauties of the universe and enrich his life and control the animal instinct in him.”

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