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Economic Thoughts of Mahatma Gandhi and B.R. Ambedkar: A Comparative Analysis

Aarush Kumar

Research Scholar, Presidency College, Chennai

Abstract: -

This paper examines and contrasts the economic ideologies of Mahatma Gandhi and Dr. B.R. Ambedkar, two pivotal figures in India's socio-economic history. Gandhi's philosophy emphasized rural self-sufficiency, swadeshi, Khadi and the revival of village industries, linking moral principles with economic sustainability. Ambedkar, on the other hand, approached economic issues with scientific and pragmatic analysis, advocating industrialization, consolidation of agriculture, currency reforms and fiscal federalism to modernize India. The paper also highlights their ideological divergences, particularly regarding rural versus industrial development and social reform. By exploring their writings, speeches and scholarly contributions, this study underscores how their economic ideas continue to influence policy, development strategies and social justice discourse in contemporary India.

Keywords: - Mahatma Gandhi, B.R. Ambedkar, Economic Thought, Rural Economy, Industrialization, Khadi, Land Reforms, Currency Reform, Public Finance, Social Justice.

Fundamental Principles of Gandhi's Economic Thought

Mahatma Gandhi did not possess formal training or qualifications in the field of economics. He did not pursue economics as an academic discipline and did not formally present his economic ideas in a systematic manner. However, it is evident that he possesses a deep understanding that the absence of socio-economic freedom renders the concept of freedom devoid of meaning. Consequently, his economic ideas are rooted in his speeches, lectures and messages. Mahatma Gandhi held a strong belief in traditional approaches, which led him to prioritise self-reliance, the swadeshi movement and the use of the Charkha (hand-spinning) technique. Mahatma Gandhi was a fervent proponent of rural revitalization. He held the belief that the demise of the villages would result in the demise of India. The limited number of cities did not contribute to the formation of India. He held the belief that India's population predominantly resided in rural areas, while urban centres were sparsely populated. Cities do not acquire their wealth through external sources. The urban residents serve as intermediaries and commission agents for prominent real estate properties in Europe, America and Japan. The towns have collaborated with the latter in the ongoing process of economic decline that has persisted for the past two centuries. The blood circulation in the lower extremities of India was severely compromised, posing a significant risk of complete systemic failure if appropriate measures were not promptly undertaken. He had developed a comprehensive



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plan for the village's reconstruction programme. Additionally, he underscored the importance of providing contemporary amenities for the rural communities. According to his perspective, it is imperative for each villager to have access to quality housing, nutritious food, well-maintained roads and a comprehensive education system. In 1937, he introduced a new education system known as 'Nai Talim'. He stated that the sole method of rescuing the nation would be to rejuvenate the economic vitality of the village and establish a connection between education and this objective. The educational system was designed to align with the specific occupations within each village.

The utilisation of Khadi, a type of homespun cotton cloth and Charkha, a hand-spinning device, served as powerful symbols of Gandhi's vision for a self-sufficient village economy. The user envisions a village economy characterised by self-sufficiency and independence, where the needs of the villagers are adequately met and the livelihood of weavers is nurtured. Despite the potential perception of being outdated, Gandhi discusses the significance of Khadi. The concept of his Khadi mentality involves the decentralisation of both the production and distribution of essential goods, along with allocating a specific percentage beyond the urban areas' needs.

Moreover, the significance of the spinning wheel extends beyond its physical dimensions. The core principles conveyed by this message include the value of simplicity, the importance of serving humanity, the commitment to non-harm, the promotion of a strong connection between individuals of different socioeconomic backgrounds and the recognition of the significance of both capital and labour. The Charkha serves to reinstate the villages to their rightful position and eliminate social hierarchies.

The promotion of Charkha by Gandhi can be attributed to his direct experience with the impoverished conditions. It was determined that a significant number of economically disadvantaged households relied on the practise of spinning for their livelihood. Khadi is commonly regarded as an affordable essential for individuals with limited financial means. It provides assistance to the most impoverished individuals, including those belonging to marginalised communities, who are the most vulnerable among the economically disadvantaged. The reason for this is that the untouchables have limited access to various occupations that are readily available to other social groups. He advocated for the charkha to be recognised as a symbol of Indian nationhood.

The Swadeshi culture, which advocated for the use of domestically produced articles in India and had influenced the nation during times of heightened political fervour, underwent a new development in the 1930s. He urged individuals residing in lower socioeconomic areas to carefully evaluate every product they consume on a daily basis, whether it is produced domestically in India or imported from abroad and to seek out alternative options available within their local village. The broom has the potential to serve as a substitute for a brush, a tooth stick derived from a tree



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as an alternative to a toothbrush, hand-poured rice as a viable option to factory-polished rice, handmade sugar as a potential replacement for factory sugar and handmade paper as an alternative to products manufactured by paper mills. Village products may occasionally have a higher price point, but they effectively distribute wages and profits among individuals who directly require them. Over the course of nearly 150 years, urban centres have consistently depleted rural communities of their resources and skilled individuals.

He does not have any objections to the utilisation of machinery for the advancement of various industries in India. However, he expressed the opinion that providing India with cloth, whether produced domestically or imported, is a significant economic mistake. Similarly, establishing large-scale bakeries in the main Indian city to supply cheap bread and eliminating the use of traditional family stoves would also be ill-advised. He considered India to have been a historically prosperous region, although it did not have significant gold production. The region possessed a diverse range of artistic resources, enabling the production of high-quality textiles and other valuable commodities that were highly sought after by others, who offered treasures of gold in exchange. Mahatma Gandhi, in his commentary on the current economic situation, expressed his concern regarding the decline of our esteemed position and the shift towards a more labor-intensive role as providers of manual labour. Therefore, it is imperative that the principles of economics applied to India are dynamic rather than static.

Economic Idea of Ambedkar

Dr. B.R. Ambedkar was a pioneering Indian economist who conducted a comprehensive analysis of the issue of sub-division and fragmentation of agricultural land holdings. He also developed a systematic and scientific definition of economic holding. The prevalence of property inheritance law in India, coupled with population pressure on land, are the primary factors contributing to the sub-division and fragmentation of land holdings. Consequently, he poses the inquiry regarding the continuation of consolidated land ownership within the framework of property inheritance laws and the growing population. The individual promotes modifications to the legislation governing the inheritance of agricultural land, with a focus on either sole inheritance or collective cultivation of the property. This approach aims to prevent the continued and frequent fragmentation of land due to population growth. The individual conducted a thorough analysis of the matters pertaining to consolidation and enlargement. He contended that Indian agriculture is afflicted by the issue of small and fragmented land holdings, which should be consolidated and expanded.

The author reached the conclusion that the industrialization of India represents the most effective solution to address the agricultural challenges faced by the country. Therefore, he advocated for the industrialization of India as a means to address the agricultural challenges. Undoubtedly, a transition from primary industry to secondary industry is imperative and warrants



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sincere efforts to mitigate the ongoing expansion of the rural population. One notable aspect of Ambedkar's argument is his assertion that industrialization is a prerequisite for the consolidation of agricultural land holdings in India, although he also emphasises that it alone is not sufficient. He held a strong admiration for Karl Marx and firmly believed in the remarkable productivity and output of the capitalist economy. Similarly, Ambedkar possessed an understanding of the negative aspects associated with capitalism. Hence, it can be argued that Ambedkar, similar to Karl Marx, did not hold an antagonistic stance towards capitalism.

Dr. Ambedkar holds the distinction of being the pioneering economist to conduct a comprehensive study on the monetary standard of British India. The renowned publication titled "The Problem of Rupee" volume -I, authored by the individual, is a highly regarded study on the subject of the history of India's currency and banking. It primarily focuses on the topic of monetary standards. He expressed strong criticism and opposition towards the prevailing gold exchange standard in India. He had convincingly presented his case in support of implementing a 'inconvertible rupee' with a predetermined issuance limit. He expressed dissent towards several propositions made by J. M. Keynes regarding the reformation of Indian currency and the recommendations put forth by the Fowler Committee. He proposed the implementation of an inconvertible paper currency standard as a viable alternative to the gold exchange standard, incorporating a predetermined limit on the issuance of currency.

In the initial pages of his book, titled "The Problem of Rupee," the author delves into a comprehensive exploration of the historical progression of India's monetary system. Subsequently, he provided a detailed explanation regarding the evolution and functionality of gold and exchange standards. Subsequently, he analyses the determination of the external values of a national currency. The user suggests that money holds significance due to its representation of value in relation to tangible goods and services. In essence, stable value is a characteristic of good money. Ambedkar offers a comprehensive overview of purchasing power parity and the determination of exchange rates.

Moreover, through the utilisation of existing evidence, he demonstrates the lack of positive impact exerted by the gold standard on India's foreign trade. Furthermore, he conducted a thorough analysis of the Chamberlain Commission's recommendations regarding the implementation of a gold currency in India. He argues against the use of hoarding as a justification for not implementing a gold currency system in India. The user emphasises that the primary underlying issue of the gold standard problem lies in the issuance of less expensive alternatives to gold as a form of currency. The individual not only analysed the issue concerning the rupee, but also proposed the necessary solution for the reformation of the Indian currency. Additionally, they emphasised the importance of effectively utilising the government's gold reserves.



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Dr. Ambedkar's scholarly publication delved into the subject of "The Evolution of Provincial Finance in British India (1925)" with a specific focus on the field of public finance. He has also authored a dissertation titled "Administration and Finances of the East India Company" as part of his M.A. degree. In this work, he critically examined the taxation policy, financial aspects and negative tendencies within the administrative division of the East India Company.

Dr. Ambedkar regarded income derived from land as the most probable means to enhance State revenue. However, he strongly objected to the detrimental consequences of a taxation system that relied on the amount of land owned. He was aware of the issue regarding tax proposals. In a diarchy system, where the government is administered by a ministry comprised of elected members from the provincial legislature, it would be unrealistic to anticipate a tax hike. Dr. Ambedkar's critique of diarchy resonates with contemporary relevance. In relation to public expenditure, he highlighted the concern that a foreign government may not prioritise the allocation of funds for the welfare and improvement of its citizens. He stated that "due to the government not being representative of the people, it is unable to accurately gauge the sentiments and needs of the people."

Dr. Ambedkar was a pioneering economist who provided the first comprehensive analysis of the detrimental impact of internal and external taxes, as well as customs, on the domestic industry and business within the context of British India. He mentioned that:

The British implemented internal and external duties with a greater emphasis on political considerations rather than economic factors.

II. The competitive ability of the Indian industry in the international market had been weakened.

The industry faced significant taxation constraints, limiting its ability to expand the market beyond India's borders.

Consequently, he asserted that the taxation in British India lacked justification. The land tax in India exhibited a significant regressive nature, resulting in adverse impacts on the productivity of British India. Consequently, he highlighted the presence of a weak federal fiscal system and a dominant provincial fiscal system in British India during the 19th century. The individual highlighted the evident lack of financial control and administration within the national government of British India. This ultimately resulted in the Provincial Governments making extravagant demands and displaying financial irresponsibility.

During his involvement in the constitutional drafting process, he prioritised the welfare of marginalised or disadvantaged groups. He perceived reservations as a temporary policy intervention by the state to ensure a minimum standard of living by providing employment opportunities. He implemented a range of Constitutional safeguards to guarantee the protection of human rights. The Indian Constitution's fundamental cornerstones are the values of freedom,



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equality, social democracy and human rights, as emphasised in the Preamble, the Fundamental Rights and the Directive Principles. Therefore, the following are the strategies for attaining social justice in India. The primary aim of his vision for the Indian Constitution was to establish a society characterised by equality, devoid of any form of exploitation and where the inherent worth and respect for every individual were upheld.

Ambedkar has been widely recognised as a prominent advocate for the rights of untouchables. However, as demonstrated in the preceding pages, he was a distinguished and highly regarded economic scholar, specifically recognised for his expertise in the field of public finance. By means of his written works and public addresses, he solidified his standing as a prominent economist. He had an extensive wealth of knowledge and a broad range of experience and observation. He is recognised for his expertise in the fields of education, economics, authorship, academia, law, leadership, advocacy, legislation, equality and liberation. In conclusion, it is appropriate to assert that Ambedkar was a remarkable individual by any measure and in certain aspects, he demonstrated a forward-thinking perspective. He also faced challenges in addressing issues related to social injustice, social evils and social reforms. He brought about a notable level of awareness regarding the economic, social and political challenges faced by the extensive untouchable community, thereby shedding light on the broader issues affecting the nation. Therefore, he can be considered a socio-economic revolutionary.

Dr. Ambedkar's perspective on the economy is shaped by his progressive social ideology, incorporating elements of both socialist and capitalist economic theories. The individual's conceptualization of the economy encompasses the combined influence of Buddha's teachings, as well as contemporary capitalist and socialist economic ideologies. Therefore, his perspective on society is influenced by his belief in humanity's capacity to construct a forward-thinking social structure for the betterment of all. His perspectives on society are being juxtaposed with Hobbes' conceptualization of society. He made the observation that a person's mind shapes their identity. His life's mission and pursuit revolved around comprehending the nature of humanity and uncovering novel approaches to enhance human dignity and happiness. He strongly supported the involvement of both the public and private sectors and endorsed the implementation of a mixed economy model for India, specifically for the Indian industry.

Salient Points of Difference Between Gandhiji and Ambedkar

According to historical records, it is evident that during the initial stages of Ambedkar's life, he held a deep admiration for Mahatma Gandhi. He believed that Mahatma Gandhi was the individual who initiated contemplation on the issues faced by the untouchable community. However, Dr. Ambedkar was able to familiarise himself with the perspectives of Mahatma Gandhi only during their meeting on August 14, 1931, at Manibhuwan in Bombay. As the meeting drew to a close, Ambedkar expressed his gratitude for the candid feedback provided. I appreciate having a clear



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understanding of our current position regarding this crucial issue. I hereby inform you that I will be taking my leave. The issue being discussed pertains to the problem of untouchability. The ideological conflict with Mahatma Gandhi commenced on that particular day and persisted thereafter. The perspectives of Mahatma Gandhi and the criticisms expressed by Dr. B.R. Ambedkar demonstrate their contrasting approaches in shaping the foundation of Indian society. After conducting a comprehensive analysis, it can be determined that Mahatma Gandhi advocated for economic progress by fostering unity among various segments of society, even if it meant challenging traditional structures. On the other hand, Dr. B.R. Ambedkar aimed to dismantle societal norms and empower the marginalised sections, particularly in terms of social and economic advancements. The approaches of these two individuals were somewhat distinct. Mahatma Gandhi's actions were founded upon the principles of truth and non-violence. Dr. Ambedkar also recognised the importance of the principles advocated by Mahatma Gandhi. However, the concepts of truth and non-violence advocated by Mahatma Gandhi were perceived to have limitations in terms of their practicality and applicability. Gandhiji's perspective is that a morally upright India thrives in rural communities and should not be disregarded. The primary responsibility of the government and citizens is to acknowledge the challenges faced by rural communities, including infrastructure deficiencies in roads, communication, schools, housing and agricultural facilities. Of particular concern is the economic stability of these villages.

Why is the 45 percent income received from rural areas not allocated towards the development of villages?

Why is it permissible for a villager to be subjected to exploitation in their buying and selling activities?

In order to encourage the educated class to relocate to rural areas, it is imperative that a substantial national investment be allocated towards village development and agricultural cultivation. It is imperative to establish a conducive environment for fostering growth and progress. It is imperative to establish coordination among these perspectives and achieve a harmonious balance between the rural and urban sectors within the economy. It is imperative to prioritise the development of rural areas rather than allowing them to remain neglected and in a state of disrepair. At this juncture, it is imperative to integrate the ideologies of Mahatma Gandhi and Dr. B.R. Ambedkar regarding rural development, while considering the lens of contemporary progress. It is important to consider that within individual villages, there exists significant social and economic inequality, as well as social insecurity resulting from caste differences, among other factors. In order to address these challenges, it would be imperative to undertake a reorganisation of the villages into larger units that are socially and economically sustainable within the contemporary framework.

Dr. Ambedkar recognised the imperative of absorbing surplus agricultural labour into the industrial sector as a means to address the issue of unemployment. Consequently, he advocated for the



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implementation of capital-intensive practises in both the agricultural and industrial sectors. He held contrasting opinions with regards to Gandhian perspectives. Mahatma Gandhi advocated for the implementation of labor-intensive production methods as the solution to address the issue of rural unemployment in India. Gandhiji and Ambedkar held contrasting perspectives on production, as Gandhi advocated for a labor-intensive approach to address the issue of rural unemployment in India. On the other hand, Ambedkar emphasised the importance of capital-intensive agriculture and industry.

The Gandhian approach was primarily philosophical in nature, focusing on principles rather than being driven by economic rationality. He advocated for the advancement of rural India through the utilisation of traditional structures and methods, firmly endorsing the concept of the Village Republic. On the other hand, Ambedkar's approach was grounded in economic rationality, prioritising development through mass production and industrialization.

Conclusion:

Mahatma Gandhi and B.R. Ambedkar, though contemporaries, approached India's economic challenges from distinct perspectives. Gandhi's vision was rooted in ethics and self-reliance, focusing on village-centric economies, swadeshi production and moral upliftment. He saw the revival of rural industries and Khadi as central to national regeneration. Ambedkar, a trained economist, stressed structural reforms—industrialization, scientific land management, fiscal discipline and currency modernization—to overcome agrarian distress and economic stagnation. Their ideological divergence extended to social reform: Gandhi sought harmony within the existing framework, while Ambedkar pursued systemic change to dismantle social hierarchies and uplift marginalized communities. Integrating both visions offers a balanced roadmap—Gandhi's ethical grounding and Ambedkar's economic pragmatism—for sustainable and inclusive development in India.

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