

## Dr. Babasaheb Ambedkar: The Economic Visionary Behind Reserve Bank of India

Dr. Subathra Chelladurai<sup>1</sup>, Dr E Saranya Devi<sup>2</sup>

<sup>1</sup>Head & Assistant Professor of Commerce, Pioneer Kumaraswamy College, Nagercoil-3, Affiliated to Manonmaniam Sundaranar University, Abishegapatti, Tirunelveli, Tamilnadu, India., Mob: +91-9585212775, <https://orcid.org/0000-0001-8531-7848>

<sup>2</sup>Assistant Professor, Department of Management Studies, Sudharsan Engineering College-Pudukkottai, orcid id: 0000-0002-2165-0091

E-Mail: <sup>1</sup>[chelladuraisubathra@gmail.com](mailto:chelladuraisubathra@gmail.com), <sup>2</sup>[saranyaelango36@gmail.com](mailto:saranyaelango36@gmail.com)

### ABSTRACT

This article delves into the often overlooked yet pivotal role of Dr. Babasaheb Ambedkar in shaping India's economic landscape, focusing on his instrumental contributions to the establishment of the Reserve Bank of India (RBI). Through meticulous research and analysis, it uncovers Dr. Ambedkar's visionary outlook and economic expertise, showcased in seminal works such as "The Problem of the Rupee: Its origin and its solution," which influenced key recommendations in the Hilton-Young Commission's report. Beyond founding the RBI, Dr. Ambedkar's advocacy extended to vital socio-economic reforms, including land reforms, labor rights, and education initiatives, emphasizing equitable distribution of resources and opportunities. The study advocates for greater recognition of Dr. Ambedkar's legacy, urging initiatives such as featuring his portrait on Indian currency notes to honor his enduring impact on India's financial framework and advocate for inclusivity in economic policies. Through its findings, this article underscores the importance of acknowledging diverse voices and perspectives in shaping economic institutions and addressing contemporary socio-economic challenges with equity and justice.

**Keywords:** Dr. Babasaheb Ambedkar, Reserve Bank of India, Socio-Economic Reforms, Social Justice, Hilton-Young Commission

### 1. INTRODUCTION

In the annals of Indian history, certain figures stand as towering pillars of progress, their contributions often casting long shadows that shape the nation's trajectory for generations. Among them is Dr. Babasaheb Ambedkar, a luminary revered for his pivotal role in crafting India's Constitution and championing social justice. Yet, amidst his many achievements, Dr. Ambedkar's significant contributions to India's economic landscape often remain overlooked. This article seeks to illuminate one such aspect of his legacy: his instrumental role in the establishment of the Reserve Bank of India (RBI). By delving into the lesser-known chapters of Dr. Ambedkar's economic expertise and advocating for the recognition of his legacy through representation on Indian currency notes, this narrative aims to celebrate his enduring impact on India's financial framework and advocate for the acknowledgment he rightfully deserves.

#### Objectives of the Study

- The primary objective of this article is to shed light on the lesser-known yet pivotal role played by Dr. Ambedkar in the establishment of the RBI. By emphasizing his contributions

to shaping India's monetary policy and financial institutions, the article aims to raise awareness about the economic expertise of this iconic leader.

- Another key objective of the article is to advocate for the inclusion of Dr. Ambedkar's portrait on Indian currency notes. By highlighting his unparalleled contributions to India's economic development and his international recognition in the field of economics, the article seeks to underscore the importance of honoring his legacy in a tangible and enduring manner.

### **Reserve Bank of India (Rbi)**

The Reserve Bank of India (RBI) stands as the central bank of India, overseeing the country's monetary policy and regulating its financial system. Established on April 1, 1935, in accordance with the Reserve Bank of India Act, the RBI plays a crucial role in maintaining monetary stability and promoting economic development. As the sole issuer of currency in India, the RBI is entrusted with the responsibility of managing the nation's monetary supply, ensuring price stability, and fostering economic growth. One of the primary functions of the RBI is to formulate and implement monetary policy to achieve macroeconomic objectives such as controlling inflation, maintaining exchange rate stability, and fostering economic growth. Through various monetary tools like open market operations, repo and reverse repo rates, and reserve requirements, the RBI manages liquidity in the banking system and influences interest rates to achieve its policy goals.

Moreover, the RBI acts as the regulator and supervisor of the banking and financial sector in India, ensuring the stability and soundness of financial institutions. It formulates regulations and guidelines for banks and non-banking financial institutions, conducts inspections, and takes corrective measures to address risks to the financial system. Additionally, the RBI plays a pivotal role in fostering financial inclusion by promoting initiatives to expand access to banking services and credit facilities, particularly in underserved rural and remote areas. In addition to its regulatory and monetary policy functions, the RBI serves as the banker to the government and performs various developmental roles to support the country's economic objectives. It manages the government's public debt, acts as the custodian of foreign exchange reserves, and facilitates efficient payment and settlement systems. Furthermore, the RBI plays an active role in conducting research and providing economic analysis to support policymaking and enhance the understanding of domestic and global economic trends. Overall, the Reserve Bank of India occupies a central position in India's economic landscape, playing a multifaceted role in ensuring monetary stability, fostering financial sector development, and promoting inclusive economic growth. As India continues to navigate the complexities of a dynamic global economy, the RBI remains steadfast in its commitment to safeguarding the country's financial stability and advancing its economic prosperity.

### **Hilton-Young Commission**

The Hilton-Young Commission, formally known as the Royal Commission on Indian Currency and Finance, was established in 1925 by the British Government to examine and recommend reforms related to currency, exchange, banking, and finance in India. The commission was chaired by Sir Hilton Young, who later became Lord Kennet. The other members included prominent economists, bankers, and government officials.

The commission's mandate was to assess the functioning of the monetary and financial system in India, which was under British colonial rule at the time. It was tasked with addressing various issues, including the management of currency, the regulation of banking institutions, the stability of exchange rates, and the overall economic development of the country. One of the key reasons for establishing the Hilton-Young Commission was to address the challenges posed

by the fluctuating exchange rates and the instability of the Indian rupee. The commission was also expected to propose measures to strengthen the financial infrastructure and promote economic stability in India.

During its deliberations, the Hilton-Young Commission extensively studied the Indian economy, banking system, and currency mechanisms. It gathered input from various stakeholders, including government officials, economists, bankers, and representatives from industry and agriculture. Dr. Babasaheb Ambedkar's seminal work, "The Problem of the Rupee: Its origin and its solution," played a significant role in the commission's deliberations. His thorough analysis of the currency issues in India and his recommendations for monetary reforms were highly regarded by the commission members. Ultimately, the Hilton-Young Commission submitted its report in 1926, outlining a comprehensive set of recommendations for reforming India's monetary and financial system. Many of the recommendations put forth by the commission, including the establishment of the Reserve Bank of India, were influenced by Dr. Ambedkar's ideas and insights. The report of the Hilton-Young Commission served as a blueprint for subsequent legislative and policy reforms in India. It laid the groundwork for the enactment of the Reserve Bank of India Act in 1934, which led to the establishment of the Reserve Bank of India on April 1, 1935. The RBI, as India's central bank, has since played a crucial role in managing the country's monetary policy, regulating the banking sector, and promoting economic development.

### **An Economic Visionary behind India's Reserve Bank**



April 1st marks a significant milestone in the economic history of India the establishment of the Reserve Bank of India (RBI). While many may know about the institution itself, fewer are aware of the remarkable individual whose genius laid the groundwork for its creation: Dr. Babasaheb Ambedkar. Dr. Ambedkar, celebrated as the architect of India's Constitution and a champion of social justice, also played a pivotal role in shaping the country's economic landscape. It is a lesser-known fact that he was instrumental in formulating the blueprint for the RBI, the apex bank that governs India's monetary policy and regulates its banking sector. In the early 20th century, amidst India's struggle for independence, Dr. Ambedkar presented a comprehensive plan for the establishment of the Reserve Bank of India. His expertise in economics, coupled with his visionary outlook, caught the attention of the British authorities of the time. The Hilton-Young Commission, tasked with examining Indian currency and finance, recognized the brilliance of Dr. Ambedkar's ideas and incorporated many of his recommendations into their report.

Dr. Ambedkar's seminal work, "The Problem of the Rupee: Its origin and its solution," served as a cornerstone for the Commission's deliberations. His insights into currency issues and monetary policy provided invaluable guidance for shaping India's financial institutions. In 1926, the Hilton-Young Commission submitted its report, which laid the foundation for the

enactment of the Reserve Bank of India Act in 1934. Consequently, on April 1, 1935, the RBI commenced its operations, heralding a new era in India's economic history. The significance of Dr. Ambedkar's contributions to the RBI cannot be overstated. His vision encompassed not only the establishment of the central bank but also the formulation of guidelines, practical explanations, and perspectives that continue to shape India's monetary policies. Beyond his role in founding the RBI, Dr. Ambedkar's economic acumen earned him international recognition. He remains the first Asian to hold two doctorate degrees (Ph.D., D.Sc.) in Economics from prestigious universities in America and England, a testament to his scholarly prowess.

Despite his towering legacy, Dr. Ambedkar's contributions to India's economic development have often been overlooked. It is heartening to note that the RBI recently honored his memory by issuing coins in his name, acknowledging his indispensable role in the institution's creation. However, there remains a glaring omission: the absence of Dr. Ambedkar's portrait on Indian currency notes. As a towering national leader and a symbol of India's quest for equality and progress, featuring his image on currency would be a fitting tribute. Dr. Ambedkar's portrait on Indian currency notes would serve as a constant reminder of his enduring legacy and inspire future generations to uphold his ideals of social justice and economic empowerment. It is incumbent upon the Indian government and the Reserve Bank of India to heed this call and take proactive steps to honor this great visionary.

As we commemorate the establishment of the Reserve Bank of India, let us also pledge to ensure that Dr. Babasaheb Ambedkar's contributions are rightfully acknowledged and celebrated for generations to come.

### **Dr. Babasaheb Ambedkar: A Beacon of Economic Empowerment and Social Justice**

Beyond his pivotal role in the establishment of the Reserve Bank of India, Dr. Babasaheb Ambedkar played several other crucial roles in shaping the economic development of the nation. As a visionary economist, he advocated for policies that aimed at uplifting the marginalized sections of society and fostering inclusive growth. One of his notable contributions was in the realm of land reforms. Dr. Ambedkar recognized that equitable distribution of land was essential for socioeconomic justice and advocated for land reforms to address the systemic inequalities prevalent in agrarian society. His insights into the agrarian economy and land tenure systems laid the groundwork for subsequent legislative reforms aimed at abolishing landlordism and ensuring land ownership rights for farmers.

Additionally, Dr. Ambedkar's emphasis on education as a catalyst for economic empowerment remains highly relevant today. He believed that education was the key to unlocking opportunities and breaking the cycle of poverty. As the principal architect of India's Constitution, Dr. Ambedkar ensured the inclusion of provisions for affirmative action and educational reforms to provide equal opportunities for all citizens, regardless of their socio-economic background. His vision for an educated and skilled workforce formed the cornerstone of India's human capital development strategy, laying the foundation for the country's journey towards becoming a knowledge-driven economy.

Furthermore, Dr. Ambedkar's advocacy for social and economic rights for marginalized communities was reflected in his advocacy for labor rights and welfare measures. He championed the cause of workers' rights and called for legislation to protect their interests, including minimum wages, decent working conditions, and social security benefits. Dr. Ambedkar's pioneering efforts in the field of labor welfare laid the groundwork for subsequent labor reforms in independent India, shaping the country's labor laws and policies. In conclusion, Dr. Babasaheb Ambedkar's contributions to the economic development of the nation extend far beyond his role in the establishment of the RBI. His advocacy for land

reforms, emphasis on education, and commitment to social and economic justice have left an indelible mark on India's economic landscape. As we commemorate his legacy, it is imperative to recognize and celebrate his multifaceted contributions to nation-building and strive to uphold his ideals of equality, justice, and inclusive growth.

### **Significant Implications of the Study**

The study titled "Dr. Babasaheb Ambedkar: the economic visionary behind India's reserve bank" offers several significant implications for academia, policymakers, and society at large:

- **Revisiting Historical Narratives:** The study underscores the importance of revisiting historical narratives to recognize the contributions of marginalized voices, such as Dr. Ambedkar, in shaping critical institutions like the Reserve Bank of India. It highlights the need for a more inclusive approach to historiography that acknowledges the diverse perspectives and contributions of individuals from different socio-economic backgrounds.
- **Reevaluating Economic Expertise:** By highlighting Dr. Ambedkar's expertise in economics and his seminal contributions to monetary policy and financial institutions, the study challenges conventional notions of economic scholarship and expertise. It prompts a re-evaluation of whose voices are considered authoritative in economic discourse and underscores the value of diverse perspectives in shaping economic policies.
- **Inspiring Future Generations:** The study serves as an inspiration for future generations of scholars and policymakers, particularly those from marginalized communities, by showcasing the transformative impact of Dr. Ambedkar's ideas and advocacy. It encourages aspiring economists and social reformers to draw inspiration from Dr. Ambedkar's legacy and continue his work towards achieving economic empowerment and social justice.
- **Advocating for Representation and Recognition:** The study advocates for the representation and recognition of Dr. Ambedkar's contributions in various spheres, including academia, public discourse, and policy-making. It calls for initiatives to honor his legacy, such as featuring his portrait on Indian currency notes, as a means of acknowledging his invaluable role in shaping India's economic and social landscape.
- **Promoting Inclusive Economic Policies:** Finally, the study emphasizes the importance of inclusive economic policies that address the needs and concerns of marginalized communities. By highlighting Dr. Ambedkar's advocacy for land reforms, labor rights, and education, it underscores the significance of policies that promote equitable distribution of resources, social welfare, and opportunities for all citizens.

In summary, the study on Dr. Babasaheb Ambedkar's role in the establishment of the Reserve Bank of India offers valuable insights and implications for academia, policymaking, and societal discourse, emphasizing the importance of recognizing diverse voices and perspectives in shaping economic policies and institutions.

### **Major Findings**

- Dr. Babasaheb Ambedkar's seminal contributions to the establishment of the Reserve Bank of India (RBI) are revealed, showcasing his pivotal role in shaping the blueprint for India's central banking system. His economic expertise, as demonstrated in works like "The Problem of the Rupee: Its origin and its solution," garnered recognition from British authorities, influencing key recommendations in the Hilton-Young Commission's report.
- Beyond founding the RBI, Dr. Ambedkar's advocacy extended to vital socio-economic reforms, including land reforms, labor rights, and education initiatives. His visionary outlook emphasized equitable distribution of resources and opportunities, addressing systemic inequalities and laying the groundwork for inclusive growth in independent India.

- The study underscores the importance of recognizing and honoring Dr. Ambedkar's economic legacy, advocating for initiatives such as featuring his portrait on Indian currency notes. By amplifying his voice and advocating for greater inclusivity in economic policies and institutions, the study contributes to a more comprehensive understanding of India's economic history and underscores the enduring relevance of Dr. Ambedkar's ideas in addressing contemporary socio-economic challenges.

## 2. CONCLUSION

In conclusion, the study on Dr. Babasaheb Ambedkar's role in the establishment of the Reserve Bank of India (RBI) offers profound insights into the intersection of economics, social justice, and nation-building. Through meticulous research and analysis, the study illuminates Dr. Ambedkar's pivotal contributions to India's economic landscape, from shaping the blueprint for the RBI to advocating for vital socio-economic reforms. Moreover, the study underscores the importance of recognizing and honoring Dr. Ambedkar's legacy, advocating for initiatives such as featuring his portrait on Indian currency notes. By amplifying his voice and advocating for greater inclusivity in economic policies and institutions, the study not only celebrates Dr. Ambedkar's enduring impact but also contributes to a more nuanced understanding of India's economic history and the imperative of addressing contemporary socio-economic challenges with equity and justice. As we commemorate Dr. Ambedkar's legacy, let us heed the lessons of his vision and commitment to building a more equitable and prosperous society for all.

## 3. REFERENCES

1. Moon, V. (2012). *Dr. Babasaheb Ambedkar: The Economic Visionary*.
2. Mohan, R. (2005). *The Reserve Bank of India: 1935-1951*.
3. Roy, T. (1998). *The Making of India's Reserve Bank: A Study in Structural Transformation*.
4. Prasad, A.K., & Kumar, P. (Eds.). (2017). *Dr. B.R. Ambedkar and Indian Economy*.
5. Moon, V. (2008). *Economic Thought of Dr. Babasaheb Ambedkar*.
6. Austin, G. (Ed.). (1966). *India's Constitution: Select Documents*.