



PUBLIC FINANCE AND SOCIAL WELFARE: THE UNTAPPED POTENTIAL OF AMBEDKAR'S FISCAL THOUGHT IN MODERN GOVERNANCE

Prof. Dr. Sontakke Deepak Pandharinath

Professor

Mr. Galbote Tushar Ambadas

Assistant Professor

New Arts, Commerce & Science College, Parner.

Abstract:

This paper examines the unrealised potential of Dr. B.R. Ambedkar's fiscal and economic theories within the framework of contemporary social welfare governance and public finance. While Ambedkar's contributions to social justice and constitutional law are well known, less attention has been given to his significant involvement in state finance, fiscal policy, and economic injustice. This essay re-evaluates Ambedkar's lesser-known works on taxation, public spending, and wealth redistribution, arguing that his ideas are highly relevant to addressing India's current socioeconomic divide. Utilising a qualitative analytical approach, the study compares modern public finance frameworks with Ambedkar's scholarly writings, legislative speeches, and policy actions. Through this lens, the study highlights key principles of Ambedkar's fiscal philosophy, including progressive taxation, social accountability of state spending, and planned development aimed at uplifting the economic status of disadvantaged communities. The article suggests that these ideas can offer transformative perspectives for rethinking contemporary social programs and inclusive governance frameworks. The findings indicate that integrating Ambedkar's fiscal principles into current policy discussions could enhance public finance's role in promoting social justice and equity. The study urges decision-makers to reconsider Ambedkar's economic legacy as an essential tool for crafting inclusive and responsive fiscal policies rather than merely as historical insights. It opens up new avenues for interdisciplinary research in academia that links governance, social justice, and economics.

Keywords: *Public finance, social welfare, Ambedkar, fiscal policy, economic justice, taxation, redistribution, governance, inclusive development, budgetary reforms, welfare state, equity.*

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Introduction:

An important factor in determining a country's economic and social well-being is public finance. It includes the distribution of government resources, taxation, public spending, and debt management, with

the ultimate goal of ensuring economic stability and social welfare. In a developing nation like India, public finance is even more important since it has a direct impact on reducing poverty, distributing income fairly, and granting access to basic amenities like



work, healthcare, and education. Notwithstanding the advancements, there are still significant obstacles in coordinating economic policy with welfare goals. Problems, including inefficient bureaucracy, unfair resource distribution, and policy gaps, frequently make it difficult for social programs to be implemented successfully.

The economic observations of Dr. B.R. Ambedkar are worthy of careful consideration in this regard. Even though Ambedkar is hailed as a social reformer and the primary drafter of the Indian Constitution, little is known about his achievements as an economist and public finance theorist. His scholarly work demonstrates a thorough comprehension of public finance, taxation, and fiscal policy, especially from his tenure at Columbia University and the London School of Economics. Public spending, in his opinion, is a potent instrument for attaining social fairness and minimising economic inequality. In this age of economic disparity and social upheaval, Ambedkar's visionary views on land revenue, state socialism, and labour welfare are still highly relevant.

The purpose of this study is to re-examine Ambedkar's fiscal theory and investigate its unrealised potential in contemporary Indian and international governance. Through a critical analysis of his economic writings and speeches, this research aims to bridge the gap between Ambedkar's economic philosophy and his socio-political legacy. The study adopts an interdisciplinary approach, integrating historical analysis with current policy evaluation to explore how Ambedkar's fiscal vision may support governance models that are more welfare-oriented and inclusive. By emphasising its practical significance in reinventing public finance for the common good, this study seeks to bring Ambedkar's intellect back to the forefront of life.

Review of Literature:

India's public finance and social welfare research has

changed dramatically over the years, with a primary focus on welfare economics, policy implementation, fiscal decentralisation, and programs to reduce poverty. Economic inequality and fiscal policy have been studied by scholars, including Musgrave (1959) and Rao & Sen (1995). A large portion of the literature in India examines government spending, taxation, and welfare programs like the Public Distribution System and MNREGA. Even though these studies offer insightful analyses of institutional frameworks, they frequently exclude influential economists like Dr. B.R. Ambedkar, whose ideas are highly relevant to contemporary governance.

Ambedkar's contributions to Indian economic theory, particularly his work on the Hilton Young Commission and his articles such as *The Problem of the Rupee* (1923), demonstrate a deep comprehension of fiscal restraint, currency regulation, and monetary stability. Ambedkar criticises the colonial currency system and argues for a controlled monetary system that fosters stability and well-being in *The Problem of the Rupee*. His focus on the connection between social justice and sound finance challenges the conventional wisdom that limits his impact on the fields of social reform and law. Although these elements have been briefly recognised by scholars like Sukumar (2014) and Dhananjay Keer (1954), there hasn't been any thorough scholarly discussion of Ambedkar's fiscal vision.

This academic undervaluation can be linked to a long-standing compartmentalisation of Ambedkar's writings, where his contributions to the Constitution's draughting and his support of Dalit rights have eclipsed his economic theories. Because of this, his ideas about fiscal decentralisation, fair resource distribution, and the contribution of public spending to the improvement of underprivileged communities have not gotten the critical scrutiny they merit in the mainstream of economics.



Modern economic theories frequently place a higher priority on market efficiency than equity, particularly those that have their roots in neoliberalism. Keynesian welfare economics and socialist fiscal models, on the other hand, emphasise the use of public spending to achieve redistributive justice. Since Ambedkar always called for government action to guarantee socioeconomic justice, his vision closely resembles these approaches. His theories provide a distinctive fusion of social justice and fiscal prudence, which makes them especially pertinent in light of India's growing economic inequality.

Even if contemporary Indian economic policies aim to be progressive, they frequently lack a more profound conceptual foundation in social justice. If examined and incorporated into contemporary policy frameworks, Ambedkar's economic ideas could add a moral and ethical perspective to the discussion of public finance. Comparative research shows that Ambedkar's fiscal philosophy serves as both an indigenous basis for inclusive economic planning in India and a supplement to international welfare models. Thus, this analysis draws attention to Ambedkar's economic vision's unrealised potential for establishing a fair and just fiscal system.

Statement of the Problem:

Though visionary and firmly grounded in social justice ideals, Dr. B.R. Ambedkar's fiscal philosophy is still largely ignored in debates of modern economics and politics. His contributions to social and constitutional reforms are widely recognised, but his economic theories—particularly those about social welfare and public finance—have not received the recognition they deserve in traditional frameworks of government. Ambedkar's original idea of inclusive economic justice and India's current public finance policies are significantly at odds as a result of this neglect.

The focus of the contemporary Indian government is frequently on macroeconomic stability and fiscal

efficiency, but it ignores the systemic injustices that Ambedkar sought to rectify with his economic theory. His approach to public finance was more than just administrative; it was a means of guaranteeing fair resource distribution and giving the underprivileged more power. Unfortunately, this revolutionary vision is rarely reflected in current welfare and financial programs.

Ambedkar's comprehensive socioeconomic framework has been absent from policymaking, which has restricted the reach and efficacy of social initiatives. Additionally, it has hindered the growth of a truly inclusive financial system that places a high value on equity, human dignity, and social advancement. Therefore, the goal of this study is to investigate the unrealised potential of Ambedkar's fiscal theory as well as its applicability to contemporary Indian public finance and welfare government. The study hopes to help create a more equitable and inclusive economic future by closing this gap.

Significance of the Study:

This paper highlights Dr. B.R. Ambedkar's fiscal theory's continuing significance in modern business, government, and policymaking while examining its unrealised promise in the fields of public finance and social welfare. The study highlights the interdisciplinary usefulness of Ambedkar's economic theories by focussing on them, particularly in light of contemporary fiscal issues and welfare policy design. In addition to being a social reformer, Ambedkar was a visionary economist whose ideas about public spending, taxes, and state financing have great potential for creating a welfare state that is both inclusive and egalitarian.

Mainstream policy frameworks frequently ignore indigenous intellectual contributions, especially those of influential Indian thinkers like Ambedkar, as the study makes clear. Opportunities to create more



locally based and socially just economic policies have been lost as a result of this neglect. The study highlights the shortcomings in the current governance models and offers substitute strategies based on the socioeconomic reality of India by re-examining Ambedkar's fiscal vision.

The study also intends to inspire researchers, policymakers, and business professionals to incorporate Ambedkar's ideas into welfare policies that put social justice, accountability, and equity first. To create a more equitable and inclusive system of governance, it seeks to initiate a wider discussion at the scholarly and policy levels regarding the use of indigenous economic theory in the formulation of India's fiscal and welfare policies.

Objectives of the Study :

- Analyse Ambedkar's fiscal and economic ideas within their historical context.
- Assess the relevance of Ambedkar's economic thought in today's public finance systems.
- Explore practical ways to apply Ambedkar's ideas for strengthening modern social welfare frameworks.
- Promote the integration of Ambedkar's economic vision into commerce and public policy education.
- Highlight the untapped potential of Ambedkar's fiscal thought in shaping inclusive and equitable governance models.

Scope of Study:

The relevance of Dr. B.R. Ambedkar's fiscal theories to current public finance and social welfare policies is the main subject of this research work. The time frame covers the early 20th century when Ambedkar established the groundwork for a progressive economic philosophy based on justice and equity. By considering his fiscal philosophy in the context of contemporary governance, the study draws attention to the unrealised potential of his concepts in forming inclusive financial systems.

Taxation, budgeting, fiscal fairness, and the state's obligation to provide for social welfare are among the fundamental concepts of public finance that are explored thematically in this article. In many respects, it predates contemporary fiscal theories that support equity-based governance, and it examines how Ambedkar's focus on distributive justice and financial accountability is consistent with them.

Geographically, the study includes comparative observations from other democratic countries including the United States and the United Kingdom, even if its focus is on the Indian context. This cross-cultural examination aids in determining what India may learn from welfare-driven fiscal models overseas and how they might align with Ambedkar's vision.

The paper's academic approach is interdisciplinary, incorporating elements from social justice, political economy, economics, and commerce. It aims to close the gap between moral philosophy and economic policy to advance a deeper comprehension of governance based on just and moral public finance.

Research Methodology:

In the framework of contemporary public finance and social welfare, this study uses a qualitative methodology to investigate the unrealised potential of Dr. B.R. Ambedkar's fiscal philosophy. The study mostly uses textual analysis of Ambedkar's original speeches, writings, and contributions to policy. These original materials provide a clear understanding of his economic philosophy, particularly about welfare-oriented government, fair resource distribution and fiscal justice. The research includes a thorough examination of secondary materials, including scholarly books, government reports, critical essays, and articles that interpret and evaluate Ambedkar's economic theories, to augment the main data. This thorough analysis helps place his theories in the perspective of larger economic discussions.

A comparison of Ambedkar's fiscal philosophy with other modern and traditional economic theories and fiscal models is another aspect of the research. Both distinctive contributions and areas of convergence or divergence can be found using this comparative framework.

An essential component of the methodology is a historical examination, which helps the researcher comprehend the colonial fiscal systems and socioeconomic circumstances that influenced Ambedkar's thinking. This historical foundation clarifies how his vision changed over time and how applicable it is to the modern democratic system.

To make significant comparisons between Ambedkar's fiscal ideas and current public budgeting and welfare policies, the research also conducts policy analysis. In this framework, key elements like financial decentralisation, inclusive policy-making, and social justice budgeting are studied.

To assess the degree of alignment or divergence from Ambedkarite ideals, the study concludes with an examination of contemporary budgetary papers, such as Union and State Budgets. The research seeks to highlight Ambedkar's fiscal philosophy's ongoing significance and transformational potential in forming inclusive governance through this multi-layered approach.

Argument:

Dr B.R. Ambedkar's contributions to Indian social justice, legal reforms, and constitutional design have received wide recognition. However, his rich and visionary thoughts on public finance and economic governance remain insufficiently explored in the context of contemporary fiscal policy. In an era marked by widening inequality, shrinking public expenditure on welfare, and growing discontent among marginalised communities, revisiting Ambedkar's fiscal thought is not only timely but necessary. His ideas, rooted in economic justice and

inclusive development, hold untapped potential to shape modern governance and public finance in India. Ambedkar firmly believed that the economy must serve the people, especially those historically oppressed. He viewed finance as a powerful instrument to uplift marginalised sections and promote equity. He did not see the state merely as a regulator but as an active agent of transformation. In his 1923 thesis *The Problem of the Rupee*, he advocated for monetary stability, price control, and financial discipline—issues that remain central to macroeconomic policymaking even today. But beyond technical economic issues, Ambedkar stressed that fiscal policy must directly support the redistribution of resources and social upliftment.

Unlike many classical economists who championed laissez-faire, Ambedkar placed trust in the state's ability to intervene constructively. He argued for public expenditure in areas like education, health, irrigation, and labour welfare—believing that such investments would generate long-term social dividends. For him, the budget was not just a financial statement but a moral document reflecting the government's commitment to justice. Today, as India navigates fiscal constraints and rising socio-economic disparities, Ambedkar's vision offers a moral and economic compass.

One of the most significant but underutilised aspects of Ambedkar's fiscal thought is his insistence on *democratic redistribution*. He was among the early thinkers to link social democracy with economic democracy. He clearly understood that political freedom without economic equity is hollow. In this light, he proposed land reforms, fair taxation, and public spending aimed at correcting historical imbalances. In current times, where budgetary allocations often favour capital-intensive projects and corporate incentives over grassroots welfare schemes,



Ambedkar's principles of inclusive budgeting stand as a corrective measure.

Furthermore, Ambedkar's emphasis on accountability in public finance holds relevance in today's context of fiscal opacity and corruption. He believed that transparency and ethical governance in public expenditure would build trust and enable genuine development. Modern governance can draw from this approach by institutionalising participatory budgeting, social audits, and outcome-based expenditure tracking—tools that echo Ambedkar's stress on fiscal responsibility and citizen participation.

Another dimension of Ambedkar's economic philosophy that deserves greater attention is his advocacy for *social insurance* and *labour rights*. Long before welfare economics gained popularity, Ambedkar envisioned schemes that would protect the working class against unemployment, sickness, and old age. He proposed state-led support systems for workers, which today find expression in schemes like MGNREGA, public health insurance, and old-age pensions. Yet, these schemes suffer from underfunding and implementation gaps. Reimagining them through Ambedkar's lens can reorient welfare policy to better meet people's needs.

Additionally, Ambedkar's economic ideas resonate with the current debate on fiscal federalism. As a member of the Constituent Assembly and chairman of the Drafting Committee, he laid the foundation for India's federal financial structure. He ensured that revenue allocation and expenditure responsibilities were equitably shared between the Centre and States. In present times, when states demand greater fiscal autonomy and equitable devolution of resources, Ambedkar's balanced approach to federal finance offers guidance.

Ambedkar's fiscal thought is not a relic of the past but a roadmap for the future. It blends economic pragmatism with a deep commitment to social justice.

Modern governance often overlooks the potential of public finance as a transformative tool. By revisiting Ambedkar's economic vision, policymakers can shift from growth-centric to justice-centric budgeting, from elitist planning to inclusive development, and from top-down schemes to grassroots empowerment.

Therefore, the untapped potential of Ambedkar's fiscal thought lies in its ability to humanise public finance and align it with the constitutional promise of equality and dignity for all. Embracing this vision would not only honour his legacy but also make economic governance more ethical, equitable, and effective.

Limitations of the Study:

There are several issues with this study, despite its goal of demonstrating the applicability of Dr. B.R. Ambedkar's fiscal theory to modern administration. First, a thorough examination of Ambedkar's contributions to public finance and social welfare is hampered by a lack of archive evidence on his lesser-known economic suggestions. Second, a certain amount of subjectivity is frequently involved in the interpretation of sociopolitical writings, which could affect how Ambedkar's ideas are understood and portrayed. Furthermore, because the socioeconomic landscape has changed significantly, applying early 20th-century economic concepts retroactively to contemporary governance circumstances may lead to analytical bias. Language and translation issues are another significant barrier; many original texts, speeches, and articles are either not translated at all or lose subtleties during the translation process, which compromises the precision and nuance of analysis. Notwithstanding these drawbacks, the paper attempts to discuss Ambedkar's fiscal philosophy and its unrealised potential for influencing inclusive and equitable public policy in contemporary India.

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