

Dalit Capitalism for Dalit Emancipation: A Mirage

**Ekta Singh*

Received
14 August 2015

Reviewed
30 August 2015

Accepted
15 Sep. 2015

In recent times “Dalit Capitalism” has been advocated as a route for Dalit emancipation. Instead of protesting against the exclusion that neoliberal policies of globalization and liberalization have been unleashing, the argument runs, it is time for Dalits to shun the mentality of victims and avail the opportunities that the economic reforms seem to offer. The new stance is symptomatic of a paradigm shift in Dalit politics whereby making truce with the enemy appears far more feasible for pragmatic reasons. The paper while developing an internal critique of the idea of Dalit Capitalism, attempts to argue that promotion of Dalit entrepreneurship is part and parcel of the strategy of the liberalizing Indian State to expand the support base for the liberalization agenda. Analysing the market and institutional reforms undertaken to encourage Dalit entrepreneurship, the paper argues that state needs Dalit entrepreneurs as much as they need the state and this symbiotic relationship between the elite section among Dalits and State not only does not augur well for Dalits at the lower end of the ladder.

Given the thrust on inclusion, Dalits that comprise 16.6 percent of the population in India and are among the most vulnerable sections of our society have attracted widespread attention at the policy level. Specific initiatives directed at Dalits have been introduced. Bihar under Nitish created the sub-category of “Mahadalits”, the poorest of Dalits and directed specific welfare initiatives at them. In addition to specific welfare initiatives targeted at Dalit community, thinking beyond the constitutional framework of affirmative action, “Dalit Capitalism” has been advocated for unleashing the entrepreneurial instincts within the community and as a panacea for emancipation of Dalits. Surprisingly, the argument for Dalit capitalism has come at a time when liberalizing Indian state has felt the need for a more explicit welfare agenda along with growth to carry forward the neoliberal

agenda. While what Yogendra Yadav termed as the “Second democratic upsurge” marked the arrival of Dalits politically, Dalit capitalism has been identified as signalling the assertion of Dalits for economic power. It is claimed that Dalit entrepreneurs have finally been able to grab the opportunities offered by economic reforms of 1991 and are increasingly making their presence felt. The Indian State has come up with a number of policies aimed at promoting Dalit Capitalism. What began at the state level has been picked up at the central level and increasingly gaining ground as a much needed intervention to not only enable Dalits overcome class inequalities but also caste prejudices. In other words, the new policy stance is that liberalization is the route for Dalits to regain both economic status and self-respect. In what follows, I attempt a critical evaluation of the idea of “Dalit

**Teaching Assistant (Political Science)*

National University of Study and Research in Law (NUSRL), Ranchi, Jharkhand

8 /Dalit Capitalism for Dalit Emancipation:.....

Capitalism” to tease out the internal tensions that are inherent within it that make such a characterization as a route for Dalit emancipation untenable.

Dalit Capitalism - Joining hands with Liberalization

Milind Kamble, founder of Dalit Indian Chamber of Commerce and Industry (DICCI) and Chandra Bhan Prasad, Dalit thinker, columnist and DICCI mentor have in recent times been advocating “Dalit capitalism” as a route for Dalit emancipation. DICCI founded on 14 April 2005, birth anniversary of Ambedkar does not favour job reservation for Dalits which it feels has resulted in typecasting Dalits as less meritorious. The forum has instead been encouraging members of Dalit community to “be job givers, not job seekers”. This it argues would not only enable social mobility among Dalits but would also contribute to ending the caste system. Instead of protesting against the exclusion that neoliberal policies of globalization and liberalization have been unleashing, the argument runs, it is time for Dalits to shun the mentality of victims and avail the opportunities that the economic reforms seem to offer. The new stance is symptomatic of a paradigm shift in Dalit politics whereby making truce with the enemy appears far more feasible for pragmatic reasons.

While the argument for Dalit capitalism is at the outset open to attack on grounds of fairness of capitalism and market as a provider of a level playing field and that it simply seeks to replace subjugation and exploitation by outsiders with that of exploitation of Dalits by Dalits (the elite section), it also signals the direction in which Dalit politics is heading. The assertion of Dalit identity in this case is less for symbolic reasons but more for material reasons. One might argue that Dalits asserting their identity to avail welfare benefits is a positive development but a more nuanced analysis seems to point towards a grim scenario. Interestingly, the argument for Dalit capitalism has come from the section among

Dalits that has been able to defy all odds and make their way to success and prosperity. *Defying the Odds: The Rise of Dalit Entrepreneurs* by Devesh Kapur, D Shyam Babu and Chandra Bhan Prasad chronicles stories of 21 such Dalits who availed the opportunities presented by economic reforms in 1991 and through their grit and determination have become successful entrepreneurs.¹ However, rather than vindicating the stance that things have changed for the better for Dalits, the same can be taken as a sign that at societal level change in terms of equal opportunities for Dalits is yet to come and that “odds” in terms of unequal opportunities do exist that need to be defied. Also even a cursory look at the success rate suggests that this section comprises a very miniscule section of the Dalits that has been able to overcome barriers that prevent Dalits from attaining success on grounds of identity while the ground reality for the majority of Dalits remains unchanged. The majority of Dalits are not in wage employment but work as informal labour. Empirical evidence suggests that Dalit entrepreneurs are engaged in the bottom of the ladder, low productivity, survival activities. And that entrepreneurship as a vehicle for social mobility is yet to become a reality for India.² According to research by Surinder S. Jodhka, most Dalit entrepreneurs face problems varying from difficulty in getting enough supplies on credit, lack of social networks, absence of kin groups in the business, and control of traditionally dominant business-caste groups. These, along with other social variables such as lack of social capital, make the Dalit situation more complicated and vulnerable to homogeneous categorization.³

Dalit Capitalism claims marking a shift in the approach towards Dalits from rights and entitlements to a stake in the economy of the country.⁴ The two policy decisions aimed at giving a boost to Dalit entrepreneurs have been quota for Dalit entrepreneurs in government procurement and the financial support provided to

Dalit Venture Capital Fund. Based on the principle of „Supplier Diversity?, the Digvijay Singh government in Madhya Pradesh in 2002-03 announced that the state social welfare department would procure 30% of all goods and services it was buying from Dalit/Adivasi entrepreneurs. An outcome of the „Dalit Agenda? at the Bhopal Conference held in 2002 which called for a “new consensus on the Dalit question” given the changed context of an emerging market economy and heightened political consciousness among Dalits, it was postulated that the state has to play a central role in effecting the change.

Drawing on the US model it demanded that both state and the private sector practice diversity policies such as giving dealerships and contracts to dalits/tribals which will eventually result in creating an entrepreneurial middle class from these communities that can enter the economic mainstream. Besides 30 percent procurement scheme, the Supplier Diversity initiative in MP included Rani Durgawati Scheme (RDS) introduced in early 2003 to provide the „margin money? for bank loans for dalit/tribal entrepreneurs who wished to establish their own supply/manufacturing enterprises. To encourage SC/ST to set up industrial units it was designated as a decentralised policy to be implemented by the District Trade and Industry Centres (DTICs) already functioning in each district of the state. They were given powers for Special Registration of Dalit/tribal entrepreneurs who wished to adopt the policy. Targets were set for each district, funds allotted and an attempt made to promote the policy through widespread publicity in an attempt to reach out to educated unemployed youth in all parts of the state. Despite the policy undergoing some dilution by the BJP government in 2005, it has been consolidated as a state policy of affirmative action in MP. The initiative has been lauded for its potential to create over time a business industrial/entrepreneurial dalit middle class that will remove the marginalization of this disadvantaged

section from the economic mainstream.⁵

According to Chandrabhan Prasad business/industrial entrepreneurs among Dalits must be “created” by the state, which has in the past provided and continues to provide support to big industrialists and that the government ought to constitute a body, say the National Scheduled Caste and Scheduled Tribes Supplier Development Council, which should identify dalit/tribal entrepreneurs who are already supplying goods and services to the government through middlemen, and connect them directly to procurement departments.

The “Venture Capital Fund for SCs” has been a national scheme under Ministry of Social Justice and Empowerment aimed at promoting entrepreneurship among Dalits by providing easy access to capital at a concessional rate. With an initial corpus of 200 crores, the fund is registered under the Alternative Investment Funds (AIF) regulations 2012 under SEBI with Government of India as the Anchor investor and Indian Finance Corporation of India Limited (IFCI) as the Sponsor investor and Asset Management Company. The scheme in fact is also aimed at financial inclusion of Dalit entrepreneurs into the mainstream financial system rather than letting them rely on informal capital market with usurious interest rates. According to the scheme about 30 people would benefit from the financing every year and the loans in each case would go upto Rs. 15 crore. The IFCI Ltd would contribute Rs. 50 crore which would comprise Rs. five crores as sponsor and Rupees 45 crore as investor.

In yet another move to give boost to Dalit entrepreneurship, the government has launched Green Business Scheme to provide financial assistance to Dalits living under double the poverty line for undertaking business initiatives to combat climate change and to promote protected cultivation to support sustainable livelihoods of poor people. The scheme has been launched under National Scheduled Castes Fi-

10 /Dalit Capitalism for Dalit Emancipation:.....

nance & Development Corporation (NSFDC), a Central Public Sector Enterprise of Ministry of Social Justice & Empowerment under which loans at concessional rate of interest for unit cost upto Rs. one lakh would be provided for SCs for starting activities like e-rickshaw, solar pump and solar energy powered implements. Several states including Telengana which has come up with the scheme of Telengana State Programme for Rapid Incubation of Dalit Entrepreneurs (TPRIDE) have been toying with the idea of promoting Dalit entrepreneurship.

Towards an internal critique of Dalit Capitalism

A more nuanced analysis of the policy framework of Dalit capitalism suggests that while the state is ensuring extension of affirmative policies in the business domain to benefit the Dalit elites; its involvement for micro and small Dalit entrepreneurs that constitute more than 90% of all establishments and has expanded in number since the liberalisation is limited to mere 'tokenism'. The state has ignored the structural deficiencies of credit and skill development programmes meant for micro and small businesses. And, with this new Dalit agenda, it is unlikely that this is going to change. These partisan mechanisms of state-mediated capitalist accumulation can only deepen the inequality within Dalits and in the society.

The neoliberal thesis that liberalization would result in growth that would "trickle down" ameliorating people out of poverty has not been vindicated. Instead there is ample evidence to suggest that the economic reforms of 1991 had an adverse effect on marginal segments and Dalits in particular in terms of reduction in food subsidy, retrenchment of workers in industries and employees in service sector, declining employment opportunities and so on.⁶ Even affirmative policies such as quotas have not been able to break the caste ceiling. Despite the country making progress as a result of liberalization, it has meant little to Dalits who continue

to live without the basic amenities of electricity, sanitation and safe drinking water as landless agricultural laborers. Dalits continue to live in peripheral colony in villages.⁷

More importantly, Dalit capitalism presumes a rather simplistic relation between caste and class in arguing that mitigating class inequalities will lead to dilution of caste prejudices. In what has been called India's „hidden apartheid", entire villages in many Indian states remain completely segregated by caste despite two decades of economic reforms in India. Aseem Prakash's *Dalit Capital: State, Markets and Civil Society in Urban India* based on ethnographic study of 90 Dalit entrepreneurs from 13 districts located in six states in middle India (Gujarat, Madhya Pradesh, Maharashtra, Rajasthan and UP) shows that secure property rights do not always translate into access to formal credit, and that there are complex "social networks" that mediate the relation between the formal and informal sectors. Credit flows are not always fair and discrimination is rampant. More generally, he shows that market outcomes are shaped not just by a socially detached demand and supply rationality but is rather embedded in religion, gender, caste, language as well as the informal labour networks. There is in existence what has been termed as the *jugaad* economy marked by bribery and corruption. The findings reinforce the fact that formal and informal economies never operate in separate compartments. Rather very often informal relationship or practices mediate access to state provisions.

A few successful examples have been highlighted to suggest that the economic reforms since 1991 have promoted Dalit entrepreneurship and now the state must pro-actively promote these and others through what has been called Dalit capitalism. Though the economic reforms in some cases did lead to upward educational mobility but majority continues to perform their traditional tasks as manual scavengers, leather workers and others.

It has been claimed that globalization and liberalization has enabled greater mobility among Dalits who have been migrating to urban areas in search of better opportunities. However what is forgotten is the fact that Dalits with little stakes in village have always been migrating out for eking out a living which has not changed much in recent years. In urban areas the dalit migrants mostly work in the unorganized sector.

The reality according to Prakash is that Dalit entrepreneurs do not easily receive credit from formal banking institutions even on having secure property rights, because these formal institutions are always and already mediated by the prejudice that Dalits are incapable of running a modern business. So a dhobi residing in Dhobi Katra (a community ghetto) in Lucknow wanting to start a laundry business was disqualified from accessing credit as the very mention of “Dhobi Katra” invoked “condescension and contempt in the minds of credit officials”. For Prakash, the economy is therefore not just about market rationality, but also laden with cultural prejudices of everyday life.

The findings do not dispute that Dalits are entering the market as owners of capital but point to how caste as social network regulates credit and labour, thus influencing outcomes in the markets. The numerous experiences of discrimination that Dalits face in their involvement with state, market and civil society symbolise what he calls “unfavourable inclusion” in market. The relation between Dalit entrepreneurs and the formal economy is mediated by “social networks”, which have the potential of both, facilitating business as well as thwarting it. For instance, despite the notification from the Madhya Pradesh government stating that 30 percent of total government procurement had to be sourced from Dalit enterprises, Dalits still found it difficult to get their payments released. So, many of them had to involve upper-caste persons as business partners, whose role was merely to ensure the timely release of payments. Thus in the ab-

sence of a thoroughgoing social transformation that changes the bent of society class inequalities would be difficult to bridge because caste and class are interwoven.

Dalit capitalism aims to nurture a middle class among Dalits engaged in white collar jobs and professions that would enable Dalits become an economic and social force to be reckoned with. Evidence however suggests that the new middle class in post-liberalization period in India has become internally differentiated with the elite section becoming more and more insular to the needs and requirements of the “mass” fraction of middle class which has been suffering from liberalization with education, travelling increasingly becoming more and more expensive. As Fernandes and Heller put it, „Even as the new middle class vociferously celebrates the status equality of a market society, its many fractions actively deploy caste, community and kinship to defend their social position?.”⁸In all probability a Dalit middle class would be equally insular to the needs of those Dalits at the lower end of the ladder. Dalits are no longer a monolithic entity and this argument of Dalit Capitalism coming from the elite section suits the liberalizing Indian State more than anything else. The aspirational section of the lower middle class, termed as the “neo-middle class” has attracted attention of the policy regime and since this constituency hopes to have stakes in a liberalizing India, the thrust of the policy regime has been on this section. In similar vein Dalit entrepreneurs are the new support base of the Indian State in its liberalization agenda and looking at this way one cannot resist from making the claim that the so called “inclusive growth” agenda has proved to be all the more disadvantageous for the marginalised sections by developing fissures within Dalits as a community and co-opting the more vocal segment.

If we compare the contemporary moment in Dalit politics symbolised by the turn towards Dalit Capitalism with Black Capitalism, one

12 /Dalit Capitalism for Dalit Emancipation:.....

can draw parallels between the two. History bears testimony to the fact that the US government deliberately promoted black capitalism as a tool to stop the growing radicalisation of the Black Movement by co-opting it. The uncontrolled Black Power movement was viewed as a major threat to the internal security of the US (during the '60s and '70s). It was during Nixon's time that the black capitalism initiative as a domestic version of the widely publicised foreign policy initiative of détente (to contain the USSR and China) was formulated. There is enough evidence to show that black capitalism helped achieve the larger ideological goal of subverting African-American radicalism, although it could

not achieve Nixon's institutional goals related to black capitalism.

To cap it all, the linkage drawn between liberalization and Dalit entrepreneurship has been strategically forged to carry forward the liberalization agenda by enabling a minority section among Dalits to develop stakes in the system. Contrary to what is proclaimed that this is going to dilute caste prejudices, the development of Dalit capitalism would eventually further entrench caste at the societal level. The capacity building and democratizing potential of Dalit capitalism is therefore much limited and the rhetoric of inclusion is serving to further incapacitate the transformational potential of Dalit movement.

References:

1. Kapur, Devesh, D Shyam Babu, Chandra Bhan Prasad (2014). *Defying the Odds: The Rise of Dalit Entrepreneurs*, New Delhi: Random House India.
2. Deshpande Ashwini and Smriti Sharma (2013). "Entrepreneurship or Survival? Caste and Gender of Small Business in India", Working Paper No. 228, Centre for Development Economics, Department of Economics, Delhi School of Economics.
3. Jodhka Surinder S.(2010). Dalits in Business: Self Employed Scheduled Castes in North west India, *Economic and Political Weekly*, Vol. XLV, No.11.
4. Sudha Pai. (2008) Changing Dialectics of "Dalit" Aspirations: Demand for Affirmative Action, *Indian Journal of Industrial Relations*, Vol.44, No.2, , p.227-233.
5. Ibid.
6. Anand Teltumbde(1997). Impact of New Economic Reforms on Dalits in India, *Occasional Paper Series: 1*, Pune: Pune University Press.
7. Narula Smita and Martin Macwan (2001). "Untouchability?: The Economic Exclusion of the Dalits in India, International Council on Human Rights Policy Seminar on the Economics of Racism,Geneva,January24-25,2001(Available online<http://www.law.utoronto.ca/documents/globalization/Narula-Paper-EconomicExclusion.pdf> assessed on 20 July 2015).
8. Fernandes Leela and Patrick Heller (2006). 'Hegemonic Aspirations: New Middle Class Politics and India's Democracy in Comparative perspective', *Critical Asian Studies* 38: 4.

