



## Dalit Business Owners Face Income Disparity

**For Prelims:** Dalit, [Scheduled Tribes](#), [Other Backward Classes](#), [Jyotiba Phule](#), [Dayanand Saraswati](#), Bhakti Movement, Neo-Vedantic Movements, [Dr. B.R. Ambedkar](#), [Article 17](#)

**For Mains:** Social Justice and Economic Disparities, Societal Evolution of Dalits, Challenges Faced by Dalits

[Source: TH](#)

### Why in News?

A study from the Indian Institute of Management Bangalore reveals that **Dalit business owners in India face a notable income gap** compared to other **marginalised groups** despite similar levels of education and social capital.

- The study underscores the impact of institutional stigma on economic outcomes for Dalits, highlighting the persistent disparities in their business income.

### What are the Key Highlights of the Study?

- **Methodology:** The study utilises data from the **India Human Development Survey (IHDS) of 2011**, covering over 42,000 households across 373 districts in India to analyse income disparities among business-owning households.
- **Impact of Institutional Stigma**
  - The study highlights the unique stigma-related disadvantages faced by Dalit business owners, which are **not comparable to other identity-based challenges like gender, race, or ethnicity**.
  - The study defines institutional stigma as the prejudice and negative perceptions ascribed to **individuals based on their demographic group membership**, which perpetuates through interconnected social mechanisms.
  - Dalit business owners **face lower income levels due to their historically marginalised status**, which restricts their access to resources, opportunities, and individual dignity, hindering their economic advancement.
- **Income Disparities:** **Dalit business owners face a significant income gap, earning approximately 16% less compared to other marginalised communities, such as [Other Backward Classes \(OBCs\)](#), [Scheduled Tribes \(STs\)](#), and religious minorities like Muslims.**
  - This income gap persists even when controlling for factors such as **education, land ownership, urban setting, and social environment**.
- **Social Capital:** **Social capital refers to the networks of relationships among people that enable a society or community to function effectively.**
  - Social capital generally benefits business owners by providing access to networks and

resources; however, Dalits benefit significantly less from these networks compared to other disadvantaged groups.

- A standard deviation increase in **social capital results in a 17.3% increase in business income** for non-stigmatized communities, **but only a 6% increase for Dalit households.**
- **Human Capital:** Human capital refers to the personal attributes, including knowledge, skills, education, health, and other valued factors, that contribute to the production process.
  - The study highlights that **although education benefits Dalits, it is insufficient to overcome the income disadvantage** resulting from stigma.
- **Limitations of the Study:**
  - The study's measure of social capital is somewhat limited, capturing connections but not the number or strength of these ties.
  - The study uses 2011 data, which may not fully capture current economic dynamics and changes in caste-based income disparities. The findings may need re-evaluation with more recent data to assess the present-day relevance of the results.

## What are the Implications of this Income Disparities?

- **Challenging Conventional Views:** The study challenges the conventional view that **caste identity is just one of many factors contributing to income disparity**, instead highlighting the unique stigma-related disadvantages faced by Dalits.
- **Need for Fair Economic Systems:** The findings underscore the need for economic systems that are **fair and do not determine success based on one's born identity.**
  - The study calls for a deeper understanding of the underlying processes of discrimination faced by Dalit communities.
- **Targeted Interventions:** The study suggests that policy interventions should focus on addressing the **specific stigma-related challenges faced by Dalits**, rather than **relying on universal strategies** that may not effectively mitigate the income gap.
  - The findings open avenues for further research into the impact of stigma on economic outcomes that can better support marginalised communities in India.

## Who are Dalits?

- **About: Dalits, historically referred to as "[untouchables](#)," are a marginalised group in India positioned at the bottom of the traditional caste hierarchy. This group has faced systemic discrimination, social exclusion, and economic deprivation for centuries.**
  - Dalits constitute approximately **16.6% of India's population.** They are primarily concentrated in states such as **Uttar Pradesh, Punjab, Bihar, Tamil Nadu, Andhra Pradesh, Rajasthan, Orissa, and Maharashtra.**
- **Historical Evolution of the Term "Dalit":**
  - The term "**Dalit**" derives from the Sanskrit word "**Dal**," which means "**ground**," "**suppressed**," or "**crushed**." It was first used by [Jyotiba Phule](#), a 19th-century social reformer, to describe those oppressed by the caste system.
    - Throughout history, Dalits have been known by various terms, including **Antyajas, Pariahs, and Chandalas.**
    - [Mahatma Gandhi](#) used the term "Harijan" (children of God) to describe Dalits. While intended to be more respectful, **many, including Dalit leaders, found it patronising and insufficiently empowering.**
  - **Scheduled Castes: The British administration officially recognised these groups as "Scheduled Castes" in 1935, formalising their status within the legal framework.**
    - Currently, legally Dalits are known as **Scheduled Castes in India**, and the Constitution mandates a list of these castes for compensatory programs. As of now, there are approximately **166.6 million Dalits in India.**

- However, the list **excludes Dalit converts to Christianity and Islam**, although it includes those who converted to Sikhism.
- The [Constitution \(Scheduled Castes\) Order, 1950](#), states that **only persons professing Hinduism, Sikhism, or Buddhism are deemed to be members of a Scheduled Caste**.

#### ▪ **Dalit Oppression:**

- **Caste System:** The roots of Dalit oppression trace back to the **origins of the caste system, as described in the Manusmriti**, a sacred Hindu text from the 2nd century BCE. Dalits were historically confined to menial tasks.
  - In the traditional **Varna system, untouchables were classified as Panchama Varna**, occupying the lowest rung in society. They were relegated to menial and polluting occupations and faced severe discrimination.
- **Key Dalit Movement in Pre-Independence India:**
  - **Bhakti Movement: The 15th-century Bhakti Movement promoted social equality and challenged orthodox Hinduism. It included Saguna (God with form) and Nirguna (formless God) traditions.**
    - Saints like **Ravidas and Kabir**, who inspired Dalits by advocating for social equality and spiritual salvation.
  - **Neo-Vedantic Movements:** Initiated by reformers like [Dayanand Saraswati](#), these movements aimed to address untouchability within the caste system.
    - **Arya Samaj** founded by **Dayanand Saraswati** in 1875, aimed to reform Hinduism by **rejecting the caste system and promoting social equality**.
    - [Satyashodhak Samaj](#) established by **Jyotiba Phule** in 1873, this movement sought to **liberate non-Brahmins from Brahminical dominance**.
      - It focused on educational and social reforms to uplift the lower castes and challenged the existing caste hierarchies.
    - **Sanskritization Movement:** M.N. Srinivas defined Sanskritization as **low-caste groups adopting high-caste customs** to elevate their status.
      - Dalit leaders mimicked Brahmanic practices (**e.g., vegetarianism**) as a form of social assertion and elevation.
    - **Gandhi's Contributions:** He criticised **untouchability and founded the Harijan Sevak Sangh in 1932** to work towards the upliftment of Dalits.
      - [Mahatma Gandhi](#) viewed untouchability as a social evil and aimed to integrate Dalits into mainstream society.
    - **Dr. B.R. Ambedkar's Contributions:** He led various movements and legal battles for **Dalit rights, including the Mahad Satyagrah (1927) and Kalaram Temple Satyagrah (1930)**.
      - [Dr. B.R. Ambedkar](#) founded the **Bahiskrit Bharat and Samaj Samta Sangh**, and established the **Scheduled Castes Federation** to promote political representation and social equality.

### **What are the Challenges Faced by Dalits in Contemporary India?**

- **Social Discrimination and Exclusion: Dalits are often segregated in villages and urban areas, excluded from public spaces, and subjected to untouchability practices.**
  - Discrimination persists even during crises, such as the 2004 Tsunami, where Dalits in Tamil Nadu faced severe exclusion from relief efforts.
- **Economic Exploitation:** Many Dalits work as [bonded labourers](#) due to debt, despite the practice being outlawed in 1976. They often receive minimal or no wages, with resistance met by violence.
  - About **80% of Dalits live in rural areas, primarily as landless labourers** or marginal farmers, exacerbating their economic vulnerability.

- Despite legal prohibitions, [manual scavenging](#) remains a prevalent and degrading occupation for many Dalits.
- According to the "**Income and Wealth Inequality in India**" report, the **top 1% of Indians received 22.6% of the national income in 2022**, up from 11.5% in 1951, while the **income share for the bottom 50% dropped from 20.6% to 15%**, and the middle 40% saw their share decline from 42.8% to 27.3% over the same period.
  - These figures underscore a **growing income gap** that has adversely affected **all disadvantaged communities, including Dalits**.
- **Political Marginalisation: Despite reservations in political representation, Dalit issues are often sidelined by mainstream political parties.**
  - Although there has been political mobilisation in recent years and the rise of Dalit leaders, the tangible benefits for the majority of Dalits have been limited.
- **Ineffective Laws:** Laws like the Protection of **Civil Rights Act, 1955** remain poorly implemented due to a lack of political will and institutional support.
- **Judicial Injustice:** Dalit women face severe discrimination due to a combination of **caste, class, and gender biases**. They are often subjected to **sexual exploitation** and violence, with **conviction rates for these crimes being significantly lower** compared to other women in India.
  - In certain regions, young Dalit girls are coerced into [prostitution](#) under the pretense of **religious or cultural practices**.
- **Migration and Urban Challenges: Many Dalit families migrate to cities, where they often end up in [urban slums](#), doing the lowest-paying jobs with minimal security.**
  - However, there is a growing Dalit middle class in cities, gaining access to education and secure employment in public service, banking, and private industries.

## What are the Initiatives and Schemes for Dalits in India?

- [Article 17 of the Constitution of India](#) abolishes **untouchability** and forbids its practice in any form. Enforcing any disability arising from untouchability is a punishable offence under the law.
- **Legislative Efforts:**
  - [Scheduled Castes and Scheduled Tribes \(Prevention of Atrocities\) Act \(SC/ST Act\), 1989.](#)
  - **Protection of Civil Rights Act, 1955: Aims to abolish the practice of untouchability in India.**
  - **Reservation Policies:** India implements [reservations for SC, ST, and OBC](#) in education and government jobs, aiming to provide opportunities for historically marginalised communities.
  - [National Commission for Scheduled Castes \(NCSC\).](#)
  - [Mahatma Gandhi National Rural Employment Guarantee Act/scheme \(MNREGA/S\).](#)
  - [Stand Up India Initiative.](#)

## Way Forward

- **Black Capitalism in the US:** The experience of **black entrepreneurship in the US**, supported by targeted inclusion in supply chains, offers a model for how similar measures could benefit Dalit businesses in India.
  - While some Indian corporations have shown positive signs in supporting Dalit businesses, broader and more systemic changes are needed.
- **Enhancing Access to Networks:** Develop initiatives to **integrate Dalit entrepreneurs into broader business networks**, including both formal and informal sectors.
  - Encourage larger corporations to actively include Dalit businesses in their supply chains and procurement processes.

- **Improving Financial Support:** Ensure that the **Stand Up India initiative** is effectively implemented with better oversight.
  - Explore alternative funding mechanisms and provide risk capital to overcome barriers faced by Dalit entrepreneurs.
- **Addressing Social Discrimination:** Implement policies and programs that address **caste-based discrimination within market systems** and promote equitable treatment of Dalit entrepreneurs.
- **Policy Integration:** Align economic empowerment initiatives with **broader social justice goals** to ensure that advancements in the market also contribute to **addressing social inequalities**.

**Drishti Mains Question:**

**Q.** Examine the impact of institutional stigma on the economic outcomes with specific reference to Dalit entrepreneurs. How can policy interventions address these challenges?

## UPSC Civil Services Examination Previous Year Question (PYQ)

### **Prelims**

**Q.** With reference to 'Stand Up India Scheme', which of the following statements is/are correct? (2016)

1. Its purpose is to promote entrepreneurship among SC/ST and women entrepreneurs.
2. It provides for refinance through SIDBI.

**Select the correct answer using the code given below:**

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

**Ans: (c)**

### **Mains**

**Q1.** Has caste lost its relevance in understanding the multi-cultural Indian Society? Elaborate your answer with illustrations. (2020)

**Q2.** "Caste system is assuming new identities and associational forms. Hence caste system cannot be eradicated in India." Comment. (2018)

**Q3.** Debate the issue of whether and how contemporary movements for assertion of Dalit identity work towards annihilation of caste. (2015)

**Q4.** Mahatma Gandhi and Dr. B.R. Ambedkar, despite having divergent approaches and strategies, had a common goal of amelioration of the downtrodden. Elucidate. (2015)