



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)