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September 1, 2011

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Indian Untouchables Become Millionaires

Posted: 9/1/11 02:45 PM ET

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It is now the 20th anniversary of economic reforms that converted India into a miracle economy, growing at 8 percent per year in the last decade. Critics complain that this has benefited only a few upper-crust millionaires, bypassing poorer groups. This is simply wrong. The poorest, lowest of all Hindu castes -- once called untouchables and now called *dalits* (meaning the oppressed) -- have started spawning millionaires too.

The Federation of Indian Chambers of Commerce and Industry (FICCI) is India's oldest business chamber. *Dalits* have now set up a *Dalit* India Chamber of Commerce and Industry (DICCI). This is no more than a start: *dalits* continue to remain at the bottom of the social and income ladders. But at long last some have ceased to be objects of pity and become objects of envy.

Many *dalit* entrepreneurs came from the lower middle class, got a decent education, and then made good. But others came from laborer families, and their rise is especially heartening.

Ratibhai Makwana's father, once a farm labourer, later made leather pickers, used in textile machinery. *Dalits* have traditionally had the dirty task of disposing of dead animals, and in the process have become leather workers. Ratibhai greatly expanded his father's small business by getting into plastic intermediates. His family now runs a sugar mill in Uganda and plans a cement plant there too. His revenues exceed \$80 million a year.

Sanjay Khsirsagar came from a lower middle class *dalit* family. His first venture was in high-end sound equipment. Later he created a construction company, APA Infraventure, which has become big in Mumbai slum redevelopment. He is now building himself a penthouse by redeveloping the very slum he grew up in.

Bhagwan Gawai once worked alongside his father as a construction worker. But he got a decent education and joined a government oil company, HPCL. He was not well treated there, and successfully sued the company for caste discrimination. His lucky break came when he was posted in Dubai by HPCL. There he developed new contacts, and started a plastics trading business with Arab partners. This business now has a turnover of \$20 million.

Ashok Khade's father was a cobbler, working under a tree in Mumbai. Ashok went to college, and then joined a government company building offshore platforms, Mazagon Docks. He acquired skills in offshore maintenance and construction. Today his company DAS Offshore is a major offshore services company, and he now plans a jetty fabrication yard that will employ 2,500 workers.

Sushil Patil, another son of a laborer, was lucky enough to go to college (which waived his last year's fees). Bitten by the entrepreneurial bug, he started several ventures, all which failed. Yet he persevered, and ultimately struck gold by setting up a construction company, IEPC. This now has revenues of \$ 65 million.

Another *dalit*, Balu, made good after much travail with a soldering equipment business. He says 32 girls in a row rejected him as a marriage partner because of his poor prospects! He claims many *dalit* businessmen still hide their caste name to avoid discrimination.

In all these cases, education helped *dalits* rise. But rural government schools are pathetically substandard, leaving most *dalits* barely literate. Even so, they have made astonishing strides, according to a seminal [study](#) by University of Pennsylvania Prof. Devesh Kapur and others.

This study looked at *dalit* outcomes over the last 20 years in sub-districts of west and east Uttar Pradesh, India's largest state. The proportion of *dalits* owning their own business was up from 6% to 36.7% in the west, and

from 4.2% to 11% in the east. The proportion in non-traditional occupations (like tailors, masons etc) was up from 14% to 37% in the east, and from 9.3% to 42% in the west.

Political parties have long promoted government job reservations for *dalits* as the way to social progress. Yet, the study shows the proportion of *dalits* in government jobs in Uttar Pradesh has actually fallen from 7.2% to 6.8% in the east, and risen marginally from 5% to 7.3% in the west. Clearly, job reservation has not driven the state's social and economic revolution. The main drivers have been the new opportunities arising from economic reforms, plus the rise of *dalit* politician Mayawati. She has been Chief Minister of the state four times in the last two decades, and done much to raise their status and reduce historical discrimination against them.

Critics complain that India's economic reforms have created new inequalities. They may even criticize the rise of *dalit* millionaires as a new sort of inequality. Nonsense. *Viva la* such inequality!

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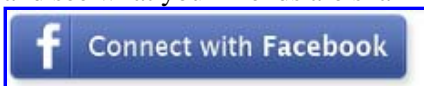


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