

## Invited Article

# Changing Dialectics of *Dalit* Aspirations: Demand for Affirmative Action

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*In the ongoing debate two contrasting positions have emerged among those who advocate a move towards affirmative action in the changed context, viz. "equal opportunity" or extension of job reservations to the private sector and "diversity" through supplier/dealership in the field of business and industry for dalits by both the government and the private sector. This paper focuses on the bold, innovative experiment-surprisingly ignored by scholars-the policy of "supplier diversity" (SD) attempted by the Digvijay Singh government in Madhya Pradesh (MP) in 2002-03.*

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## Positive Discrimination Vs Affirmative Action

The Indian Constitution provided protective discrimination or reservations to historically disadvantaged social groups such as the scheduled castes or dalits, an end product of the struggle for separate representation led by B.R. Ambedkar in the colonial period based upon consciousness of a low caste identity distinct from the caste Hindus. This salient issue underlay the disagreement between Gandhi and Ambedkar and left its imprint on future political debates. In the post-independence period reservation has been the single most important policy for the upliftment of dalits. However, with the globalization of the economy in the 1990s a contentious, often impassioned, debate among scholars and activists has emerged on the need to move from policies of protective discrimination to those based on the principle of affirmative action. A new, post-independence, educated, upwardly mobile and politically aware dalit middle-class, itself a product of reservations, believes that this traditional policy is no longer useful

following liberalization and emergence of a competitive market. Attracted by an expanding private sector this growing middle-class is keen to introduce preferential policies of affirmative action to obtain a share in the expanding industrial/business sectors of the economy.

In this debate two major contrasting positions have emerged among scholars/activists who advocate a move towards affirmative action in the changed context. A section is demanding “equal opportunity” or extension of job reservations to the private sector to overcome alleged discrimination in employment practices. Others point to the urgent need for introduction of policies of “diversity” through supplier/dealership in the field of business and industry for dalits by both the government and the private sector. While briefly discussing these positions, this paper focuses on the bold, innovative experiment—surprisingly ignored by scholars—the policy of Supplier Diversity (SD) attempted by the Congress government led by Digvijay Singh in Madhya Pradesh (MP) in 2002-03.

The SD policy arose out of the Bhopal Conference (2002) that represented a search for alternative policies. It was the product of a partnership between intellectuals/activists who put forward the *Dalit Agenda* at the Bhopal Conference; a younger generation Congress Chief Minister responsive to the needs of dalits/tribals and keen to obtain their support; and an efficient, senior bureau-

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cracy that formulated the programme. Our paper maintains it is worth considering, as the policy, despite some dilution by the BJP government in 2005, has become an established state policy of affirmative action in MP. Based on an investigation into the functioning of SD in MP - albeit for a brief period - it argues that in a globalizing economy such alternative policies have considerable latent possibilities for advancement of these communities in comparison to job reservations in the private sector. With the potential to create over time a business/industrial entrepreneurial dalit/tribal middle class that will remove the marginalization of this disadvantaged section from the economic mainstream. It could also take the pressure off reservation in higher education with more and more dalits/tribals attracted to the world of business and industry.

### **Contrasting Positions Considered**

The last decade has witnessed a strident demand for extension of reservations in the private sector, as it is the fastest growing sector following liberalization. Consequently, this viewpoint is better known and political parties have made repeated promises to introduce this policy. Its advocates argue

that legal sanctions are required without which the policy, unlike in the US, will not be successful. The private sector, it is alleged, has historically practiced caste-based discrimination, and human capital differentials such as education, skills, and training alone cannot explain the lack of advancement of disadvantaged groups. Neither greater investment in education nor the emergence of a more open, competitive market and a strong private sector with more jobs, can correct this “inefficiency in labour allocation” based on serious discrimination.<sup>1</sup> A recent group of articles attempt to demonstrate in both qualitative and quantitative terms, that social exclusion is not limited to margins of the Indian economy but has entered into even the most dynamic sector, the IT industry.<sup>2</sup>

The second position in contrast, represents a fresh dalit intellectual initiative, emerging mainly from the authors/supporters of the *Dalit Agenda* contained in the Bhopal Document. It points to the need for a “new consensus on the Dalit Question” inclusive of all sections of society, in keeping with the emerging market economy and higher levels of political consciousness due to democratization. In this the state must play a role, as the structures of entrepreneurship in a polity are a result of the manner in which governments disburse monopoly powers. While not throwing out old ideas, it is critical of total

reliance on reservations that has “shaped the consciousness of the SC/ST masses” (Bhopal Document 2002: 57). Laying emphasis on the need to ‘broaden’ the ownership of capital, it argues that the market, technology and skill development can play a determining role. Drawing on the American model particularly on voluntariness, it demands that both the State and the private sector practice diversity policies such as giving dealerships and contracts to dalits/tribals (*Ibid*). This will create an entrepreneurial middle class from these communities that can enter the economic mainstream, participate in decision-making and obtain a share in the fruits of development.

The advocates of this perspective do not recommend doing away with job reservations, but call for their better implementation. However, they hold these policies have failed to address the problems faced by dalits, point to the limited “emancipatory role” of these jobs and the numerous problems of the state-led model: poor implementation, slow progress, and difficulty in filling posts (Prasad 2004:167). Prasad argues that mere extension of this model i.e. of reservations into the private sector would not be of much use. At a conservative estimate, low skilled, semi-skilled and unskilled workers add to more than three-fourths of the workforce of the private sector. Out of some two million white-collar jobs, the share of the SC/ST through reservation would be about 5 lakhs. The private sector may not calculate the backlog in these jobs - currently held by non-dalits

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1 See articles in Thorat, Aryama & Negi (2005).

2 See articles in the special issue on Discrimination & Employment, *Economic & Political Weekly* (2007).

– and fill the vacancies (*Ibid.*). Also reservation in the private sector, if introduced, must be voluntary and part of the Diversity Policies adopted by both the government and private sector.

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These ideas have received support from a growing cross section of scholars. Many agree that the “opportunities” in the business sector have not been explored, which hold the greatest future promise with the increasing number of university educated, unemployed dalits (Sachar 2006). Others argue that demanding a share in capital is pertinent as SC/ST hardly own any business/industrial enterprise and existing ones have further declined with liberalization (Vaidyanathan 2005:358). Scholars point out that the capital sector is completely free from any obligation towards disadvantaged businesses that suffer from discrimination and lack of capital (Thorat 2004:2562). Many agree with Prasad (2007)<sup>3</sup> who argues that 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, despite globalization.

<sup>3</sup> Interview of Chandrabhan Prasad on DNAINDIA.com visited on July 15, 2007.

The attempt can begin with the introduction of SD policies in areas where little formal education and no complex skills are required, such as supplying ordinary goods like stationary and furniture that government departments buy in bulk or, annual contracts and licenses from departments such as the PWD, municipal and health (Sachar 2006) or by redistribution of resources to members of disadvantaged communities to enable them to develop required skills for supply contracts (Weisskopf 2006:718). Well-educated and better-off dalits should take up such opportunities as emergence of a creamy layer will take time and only later should there be any restriction.

Similarly the private sector, if opposed to job reservation, could make dalits business partners giving them a percentage of outsourced goods/services. Beginning with small items they could move to supply/manufacture of bigger ones thereby beginning the process of “integrating them in the supply chain” (Prasad 2004). The coming together of the upper and lower castes through business and rise of a dalit bourgeoisie will reduce social divides. But Prasad agrees that unless a consensus is reached with the private sector there is little sense in pushing such policies (*Ibid.*).

### The MP Experiment

MP, under the leadership of Digvijay Singh, is the first state to adopt the policy of SD to help dalits and tribals enter into the field of business and industry.<sup>4</sup>

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Although the policy is borrowed from the US, it is based largely upon the Bhopal Document and actual policies have been adapted to suit the specific requirements of dalits/tribals. Its adoption marked a shift in the approach used in addressing dalit/tribal concerns from rights and entitlements to a stake in the economy of the country. Two interrelated schemes were introduced. Under the Thirty Percent Supply Scheme started in August 2002, 30% of all government supply orders sourced from the open market would be obtained from SC/ST producers, suppliers, distributors or institutions in which they had at least 50% ownership.

Three kinds of SC/ST entrepreneurs can register for the programme: those who already own a business enterprise and wish to be registered as suppliers, those who are supplying the required items to the government but do not own a business enterprise, or those who wish to start a new supply enterprise. A number of concessions and preferential treatment was also given to SC/ST suppliers through modifications in the rules providing entry into the scheme, price and amount of material bought, but

established standards of the goods supplied were to be maintained.<sup>5</sup> Most items bought by the government departments are simple goods such as file-covers, briefcases, uniforms, soap, trays, drinking water glasses etc. but when bought in bulk by government departments they can provide a substantial income to the suppliers. The single most advantageous feature of the policy is that it provides a steady and assured market for goods during the crucial early years after which the enterprise can face the competition of selling in the open market. While credit and other requirements can be obtained from government sources or from banks, selling goods procured/manufactured in the open market is difficult for groups such as dalits and tribals who suffer the double disadvantage of experiencing caste bias and little knowledge or experience of running a business or industry. Many dalits and tribals in small towns have established shops that have repaid loans and achieved financial stability within a short period due to government supply contracts. These can then be the stepping-stones to bigger projects.

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4 This section draws on the author's Project at the Nehru Memorial Museum and Library on policies of the Digvijay Singh government in MP. (Forthcoming).

5 Details are available in Compendium of Rules and Government Orders (in Hindi) pertaining to SD, Government of MP, Bhopal, 2002-03.

The Rani Durgawati Scheme (RDS) was 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 designed as a decentralized 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.

Official data reveals that dalits and tribals in the state have welcomed both the policies. Out of 51 districts, except in 7, dalits/tribals have attempted to make use of these policies. However, majority of them are located in 34 out of the 51 districts in the state and the spread is largely limited to a small, educated class based in the bigger cities/towns. The number of manufacturers is even fewer being limited to 18 districts. Even within these districts the bulk of businesses are located in a few better off districts such as Bhopal, Indore, Ujjain, Gwalior and Jhabua with very few in the others. An analysis of the investment levels also indicates that most are small suppliers of simple items such as stationary, furniture and electrical goods to government

departments, with no large-scale manufacturers. The number of those adopting the policy has grown but slowly, and even these are located in the better off districts with little spread elsewhere.

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Nevertheless, our analysis suggests that with dwindling of government jobs under the reservation policy, SD offers a workable alternative method of providing employment and economic opportunities to educated dalits/tribals in the business/industrial sector. It has the potential to introduce substantial change in their socio-economic position, but so far the results have not been up to the expectations voiced by dalit intellectuals and activists when the programme was inaugurated. For this certain conditions are required. First, there should be a sufficiently large, educated class of dalits/tribals who can make use of these policies. If the aim is to create a dalit/tribal entrepreneurial class, then it is necessary to improve the educational attainments of these communities in MP and elsewhere. Moreover, the economy must grow in backward states such as MP to create sufficient opportunities for disadvantaged groups.

Second, to create an entrepreneurial business class among these groups, a "big push" is required on the part of both the government and private sector for the

policy to actualize its full promise. The latter must realize that their interests are actually better served by SD than job reservations. Third, a sympathetic political leadership and committed bureaucracy interested in making it work. The last condition was available during the period of the Digvijay Singh government, but was too brief for the policy to realize its potential. In sum, our study maintains that the Digvijay Singh government made a small beginning, and the government at the centre and in the states should take the policy forward. Clearly nurturing such a policy is required for it to reach its objectives.

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