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Summary

This paper examines how Dalits perceive India's economic reform process. Reform so far has concentrated on what is practicable in the organised sector, rather than on the rural economy. But the perceived retreat of the state is of concern to Dalits, who view the state as the guarantor of their security. The extension of the market is viewed as the extension of society, which they view as oppressive. Affirmative action policies to provide public sector employment for groups like tribals have less impact as public sector employment opportunities fall, but the extension of reservations to the private sector would also have little impact. The paper discusses the means by which liberalisation can be tied to social justice, and argues that the extension of reservations policy to government purchases, dealerships and contracts would encourage entrepreneurship among Dalits. Without significant social change, economic liberalisation will not solve the problems faced by Dalits.

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Introduction

Since 1991 India's economic liberalisation has generated a lively debate, with opposition from both the left and the right. There is a widespread demand for reform of the previous economic regime of quotas and controls but the consensus over the need for reforms is not to be mistaken for consensus over reforms.¹ Responses are mostly based on subjective considerations rather than ideology: entrepreneurs often oppose reforms which may deny them concessions or protection and newspapers which may regularly denounce 'subsidies' and 'dole-outs' are unlikely to support the removal of subsidies on newsprint or the government cutting back on its practice of advertising in the media. The reform debate then boils down to the specific question of what liberalisation offers a particular segment or sector.

It is relatively easy to gauge responses of the organised sector: both trade associations and trade unions routinely respond to policy changes that affect them. However, the unorganised sector and social groups such as Dalits have no way of articulating their responses except at elections. Electoral preferences, though, cannot simply be attributed to attitudes towards liberalisation. At the same time, for many Dalits the response to liberalisation transcends the narrow confines of economic reforms and includes social and political concerns as well. This paper will attempt to address the following questions:

- ◆ What are the political economy compulsions of economic reform and liberalisation?
- ◆ To what extent does the reform process represent a break from the past insofar as Dalits are concerned?
- ◆ How can liberalisation benefit Dalits, and is this recognised by the Dalit community? What are the responses of community leaders, such as Dalit academics, and those who comment on the Dalit community?
- ◆ How does liberalisation relate to social justice?

Part I: India's economic reforms

India's economic reform process started in response to the 1990-1991 balance of payments crisis. As a result, the response had to be quick, with little deliberation of the pros and cons. But the BoP crisis was only the trigger for reforms. Jayati Ghosh records that, prior to the crisis, "there was already a significant lobby within India, and even within the Indian government, in favour of decontrol and more market-friendly policies."² Moreover, the reforms were outward-looking in the sense the response was meant to instil confidence among international financial institutions and other lenders.³ The process was driven by a newly-elected government which did not have to worry about adverse electoral fallout and did not attempt to gain popular support (and legitimacy) for the reforms. This has continued under subsequent governments. First, economic reform is still a top-down process. Second, after more than a decade, the reform process have continued in a piecemeal manner. Third, the tone and tenor of economic reforms

¹ See Paranjoy Guha Thakurta (who argues that "instead of a genuine consensus on economic policy issues what is often witnessed is an illusion of consensus,") "Ideological Contradictions in an Era of Coalitions: Economic Policy Confusion in the Vajpayee Government," *Global Business Review* (New Delhi), July-December 2002, Vol. 3(2), p. 202.

² Jayati Ghosh, "Liberalisation Debates" in Terence J. Byres, ed., *The Indian Economy: Major Debates Since Independence* (New Delhi: Oxford University Press, 1998), p. 322.

³ The then finance minister, Manmohan Singh, announced most important of decisions pertaining to reforms at international lenders' conferences in Bangkok, Singapore, Tokyo, etc., to "restore the confidence of the global lending and investing community", see A. K. Bhattacharya, "The Finance Ministry of the Nineties", *Margin* (New Delhi), April-June 2003, Volume 35 (3), p. 14.

have been delinked from constitutional requirements. Fourth, the reform process is reminiscent of the 1960s belief in 'trickle-down'. Jos Mooij and S. Mahendra Dev explain how this assumption informed economic policy making in India:

Throughout the period 1991-2002, there was a great belief in the 'trickle down' mechanism. Even though initially the poor could be negatively affected, there was an explicit assertion that in the end economic growth would help them. This belief in 'trickle down' was not new in Indian development. In the first decades after Independence, there was a strong belief that the benefits of industrialisation and agricultural growth would trickle down to the poor... In the course of the 1960s and 1970s, however, the assumption had come under attack and additional interventions were introduced. The 1990 budget speech was still very critical of the 'trickle down' mechanism, but from 1991 onwards [the] belief... became again prominent in the thinking of the subsequent Finance Ministers.⁴

These characteristics have implications for the poor, a predominant number of which are Dalits and tribals.

The 1990s started with the Congress Party losing its electoral base⁵. Though upper castes had always dominated its leadership, Congress' success had stemmed from a coalition of Dalits, Tribals, minorities, Brahmins and a few other groups. How far the party worked for the betterment of its core constituency may be debatable but the coalition helped introduce the political idioms of equality, justice and empowerment into the national discourse. Poverty and discrimination were explained as aberrations which occurred despite, rather than because of, Congress. The loss of its support-base coupled with the intolerance triggered off by the Mandal controversy created an environment by 1991 in which the commitment to the welfare of weaker sections was treated as outdated. Christophe Jaffrelot explains how the upper castes saw in liberalisation a new opportunity where they alone can succeed:

The upper castes are losing ground in the political sphere and in the administration but the liberalisation of the economy—which coincided with the implementation of the Mandal Commission Report—has opened new opportunities for the upper castes in the private sector, and hence they may no longer regret their traditional monopoly over the bureaucracy being challenged.⁶

Though there is no evidence to suggest that the upper castes opted for liberalisation after becoming disillusioned with the Mandal episode, liberalisation clearly provided them with a new avenue to maintain their dominance. Many Dalits believe either that liberalisation represents the upper castes trying to escape the mess they themselves created or that it exemplifies, especially given the urban bias of the reforms, the upper castes' lack of concern for the poor. Either way the rural poor tend to regard liberalisation with disappointment, insofar as it has not benefited them, and resentment, as it reflects a lack of concern for them.

⁴ Jos Mooij and S. Mahendra Dev, "Social sector priorities: An analysis of budgets and expenditures in India in the 1990s", IDS Working Paper 164 (Brighton, Sussex, UK: Institute of Development Studies, September 2002), p. 4.

⁵ After the 1989 elections, the emergence of the Janata Dal (and several of its offshoots later) representing backward classes or Shudras, and the Bahujan Samaj Party of the Dalits took away sizeable chunks of erstwhile constituency of the Congress Party. After the destruction of the Babri Masjid in Ayodhya in 1992, Muslims too were alienated from the party.

⁶ Christophe Jaffrelot, *India's Silent Revolution: The Rise of the Lower Castes in North India* (New York: Columbia University Press, 2003), p. 494.

The reforms are still characterised by a crisis-management approach. All the changes so far do not amount to a coherent and comprehensive approach to tackle the problems facing the economy. The same zeal and single-mindedness evident in trade and financial sector reform is conspicuous by its absence in attempts to revive the rural economy; to increase non-agricultural employment; to integrate the vast mass of wage labourers into the economy; and to ensure social security. A reform process that does not touch nearly two-thirds of the population cannot be expected to succeed unless a way is found to insulate the privileged from the rest. "Economic logic alone cannot explain," writes Ashutosh Varshney, "the selectivity and rhythm of reforms" and adds:

Reforms that touch, directly or primarily, elite politics have gone the farthest; a large devaluation of the currency, a restructuration (sic) of capital markets, a liberalisation of the trade regime, and a simplification of investment rules. Reforms that are economically desirable but concern mass politics have been of two types: those that have positive political consequences in mass politics (for example inflation control) and those that have potentially negative or highly uncertain consequences in mass politics (labour laws, privatisation of public sector, agriculture). The former have been implemented with single-minded determination; the latter have either been completely ignored or pursued with less than exemplary policy resolve (fiscal balances).⁷

Another complication is that there are glaring contradictions between the liberalisation process and the Constitution of India. A honest approach would have necessitated amending the constitution to delete all vestiges of the bygone era such as references to Socialism, some of the Directive Principles in part IV and inconvenient items in the Seventh Schedule. But this is not expedient politically. Liberalisation has aggravated the mismatch between the resource-base and responsibilities between the central and state governments. While states are saddled with responsibilities in areas that directly affect people—such as sanitation, drinking water, roads, power, education (excluding higher education), public health—the centre is content with financial centralisation.⁸ It can impose structural changes affecting states without taking their views into consideration. In practice, the centre can impose a burden on states, for instance by raising employees' salaries through pay commission awards. The additional financial burden due to the implementation of the fifth pay commission recently might have neutralised any savings on account of the freeze in fresh recruitment in the public sector.

As Varshney mentions, the reformers have so far concentrated exclusively on what is practicable in the organised sector rather than what is needed everywhere. Whether there are any elements in liberalisation that can solve problems in the unorganised sector is a moot point because no serious effort has been made to include rural economy in the economic reforms. Nearly three-quarters of the population of Dalits and tribals live in the countryside. Moreover, the slow pace of human development since 1950, particularly relating to education,⁹ has limited their mobility away from villages. The failure to tackle rural issues has resulted in increasing anti-incumbency in state and central government elections. Since Indira Gandhi, no ruling party or prime minister

⁷ Ashutosh Varshney, "Mass Politics or Elite Politics? India's Economic Reforms in Comparative Perspective", in Jaffrey D. Sachs, Ashutosh Varshney and Nirupama Bajpai, eds., *India in the Era of Economic Reforms* (New Delhi: Oxford University Press, 1999), p. 249.

⁸ D. Shyam Babu, "Social Sector Schemes: A Brief Review," in Bibek Debroy, ed., *Agenda for Improving Governance* (New Delhi: Academic Foundation, 2004), pp. 366-7.

⁹ For missed targets and broken promises with regard to providing education for all, see R. Govinda, ed., *India Education Report: A Profile of Basic Education* (New Delhi: Oxford University Press for the National Institute of Educational Planning and Administration, 2002).

has managed to hold power in a general election after completing a five-year term.¹⁰ Is increasing political instability connected to economic reforms?

The 1990s witnessed the collapse of political process as a means of 'interest aggregation'—the art of balancing competing interests. It may be noted that the crisis in the nation's polity started before economic reforms began. But the reforms have in no way helped redefine politics because economic policies before and after 1991 suffer from a narrow base, catering to metropolitan and upper-caste interests. According to the *National Human Development Report 2001*, published by the Planning Commission, "The attainment levels for the Scheduled Castes and the Scheduled Tribes are also lower than others on the available indicators. This aspect of the development process has been captured both in the individual indicators, as well as in the composite indices."¹¹

Part II: The impact on the Dalits

Dalits have traditionally worked as artisans and wage labourers, regarding economic mobility as possible only through education and employment. They lack an entrepreneurial culture and their inferior social position has discouraged them from entering professions. Though many were dissatisfied with pre-1991 policies, earlier policies had symbolised a certain commitment on the part of national leaders to social justice and equality. While most Dalits were poor and illiterate, affirmative action policies provided them with some mobility and, until the 1980s, the few who could acquire education could gain employment in the public sector. Liberalisation was a bolt from the blue, which they saw as an anti-Dalit upper-caste process. In a seminar organised on the topic at the University of Pune in 1996, most participants broadly agreed on this view:

The policy marks a significant departure from the past. The much cherished principles of growth with justice, social responsibility and accountability, equity and self-reliance have been rendered obsolete with the new slogans of 'liberalisation', 'privatisation', 'efficiency' and 'competitiveness'.¹²

One participant predicted that "the position of Dalits would deteriorate further"¹³ due to reforms and another said, "the free market ethos... can neither conform to the democratic spirit of the Indian Constitution... nor can it coexist with the system of positive discrimination..."¹⁴ With a couple of exceptions, most participants at the Pune seminar—probably the first major attempt to articulate Dalits' concerns after reforms were introduced—could not see much hope for the community in the new dispensation.

It is useful to understand here the nature of Dalit movements and the way the community articulates its demands. Apart from reports of, and comments on, atrocities, hardly any debate takes place on Dalit issues in the media. Even academic works, for instance on rural development or social sector spending, rarely treat Dalits as a subject matter. Political parties have stopped

¹⁰ Mrs. Gandhi's distinction will remain unequalled for at least another five years as the Atal Bihari Vajpayee-led National Democratic Alliance government has just been voted out in the parliament polls in May 2004.

¹¹ *National Human Development Report 2001* (New Delhi: Planning Commission, Government of India, March 2002), p. 11.

¹² P.G. Jogdand, "Introduction", in P.G. Jogdand, ed., *New Economic Policy and Dalits* (Jaipur: Rawal Publications, 2000), p. 1.

¹³ G. Nancharaiah, "New Economic Policy and its Effects on Dalits", in P.G. Jogdand, *ibid.*, p. 33.

¹⁴ Anand Teltumbde, "Impact of New Economic Reforms on Dalits", P.G. Jogdand, *ibid.*, p. 115.

the earlier practice of treating Dalits as a target group in their programmes and policies.¹⁵ At the same time, Dalit activists and politicians remain divided on sub-caste, regional and religious lines. Whatever discourse that takes place among the community is emotive to begin with, primarily because it is often in response to incidents of discrimination and denial, but this idiom of protest cannot be appealing to the non-Dalits whom they are attempting to influence. Unsurprisingly, many books or articles by Dalits in the 1990s focussed entirely on caste discrimination and did not pay attention to the economic changes taking place around them. What areas of liberalisation may adversely affect Dalits?

The retreat of the state: Dalits repose their faith in the Indian state for two reasons: the association of Dr Ambedkar with the Indian constitution and the nature of the Indian state, which personifies the constitution. Being the victims of caste system for centuries, Dalits tend to view society with suspicion and resentment. A common stream in Ambedkar's writings is that Indian society is incapable of imbibing universalist ideals of liberty, equality and fraternity and he rejected the arguments that the country could construct a nation state based solely on its civilisational ethos. Consequently, the constitution adopted the individual as the unit, rejecting the age-old *varnashramdharma*. Furthermore, Dalits' rights to equality and claims for protection through affirmative action are embodied in the constitution.

Therefore, when the state withdraws from some spheres, Dalits feel apprehensive since they view the market as an extension of society. This raises four key concerns:

- ◆ that their constitutionally guaranteed rights of affirmative action will be eroded;
- ◆ that there will be less stress on poverty alleviation and developmental activities;
- ◆ that the emasculation of the state will mean less protection for their human rights;
- ◆ that without the state as their guardian, the market will discriminate against them.

Affirmative action: Dalits have benefited from the extensive schemes of affirmative action under the constitution. The system gives them representation in legislative bodies and guarantees reservations (quotas) in employment in the public sector. Furthermore, there are many other features, from the abolition of untouchability to provisions for their socio-economic and educational advancement, that make affirmative action a comprehensive regime.

Liberalisation does not deprive Dalits of political representation. But it has already affected job reservations to some extent and is likely to reduce avenues for public sector employment. As the following table shows, there has been a steady decline in the number of jobs in the government, which means reduced employment opportunities for educated Dalits.

Table I: Employment in the public sector¹⁶

| (Million persons as on March 31 st) | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|
| By Branch | 1997 | 1998 | 1999 | 2000 | 2001 |
| Central Government | 3.30 | 3.25 | 3.31 | 3.27 | 3.26 |
| State Governments | 7.49 | 7.46 | 7.46 | 7.46 | 7.43 |
| Quasi-Governments | 6.54 | 6.46 | 6.35 | 6.33 | 6.19 |
| Local Bodies | 2.24 | 2.25 | 2.26 | 2.26 | 2.26 |
| Total | 19.56 | 19.42 | 19.42 | 19.31 | 19.14 |

¹⁵ D. Shyam Babu, "Consensus-Building and Social Justice," in Bibek Debroy and D. Shyam Babu, eds., *The Dalit Question: Reforms and Social Justice* (New Delhi: Globus Books, 2004), pp. 283-299.

¹⁶ *Economic Survey 2002-2003* (New Delhi: Government of India), p. S-49

Employment reservation is inherently a narrow instrument. Quotas are often unfilled and many departments and areas, such as the armed forces and scientific institutions, have been excluded from the purview of reservations. The implementation of reservations is also not uniform—there is a marked reluctance to fill quotas in the upper echelons of the government while more than the required number of Dalits and tribals are accepted into lower positions.¹⁷ Moreover, even assuming that the entire quota is filled, the total number of beneficiaries and their dependents will be too small a proportion to have any impact on the community. Commenting on the 1999 figure of 19.42m jobs in the public sector, Chandra Bhan Prasad argues, “if the SC/STs’ total existing quota of 22.5% is given to them, the total number of their employees cannot go beyond 45 lakh, which, if multiplied by five (assuming that every SC/ST employed caters to a family of five), the benefits cannot reach beyond a population of 2.25 crore.”¹⁸ Therefore, the total number of beneficiaries (22.5m) is just 10% of their total population (around 250m). Although job quotas cannot solve the problem, liberalisation will reduce these opportunities.

Human development: A much larger problem associated with liberalisation is the decreasing ability or political will of the state to ensure human development. That affects not only Dalits but the poor in general and the rural poor in particular. Until now, no policy maker has asserted that economic reforms or liberalisation prevents the state from discharging its responsibilities to ensure, for instance public health and education. Every finance minister since reforms began has justified them in the name of the poor: “throughout the 1990s, the issue of poverty has played an important role in the justification of the economic reform policies.”¹⁹

Table II: Average annual development expenditure²⁰

| (% of total development expenditure) | | |
|--|-------------------------|------------------------|
| Sectors | Eighth Plan (1992-1997) | Ninth Plan (1997-2002) |
| Education, art and culture | 7.1 | 9.3 |
| Medical, public health, sanitation & water supply | 2.7 | 3.3 |
| Labour & employment | 1.1 | 1.0 |
| Public works | 1.0 | 0.8 |
| Foreign trade & export promotion | 1.6 | 0.9 |
| Irrigation (including major, medium and minor sources) | 0.3 | 0.3 |
| Rural development | 7.7 | 6.6 |
| Rural water supply schemes | 1.2 | 1.2 |
| Welfare of backward classes | 0.8 | 0.7 |
| Special central assistance for Scheduled Castes | 0.6 | 0.5 |

Ironically, the so-called reforms for the poor have not been translated into more expenditure in areas that directly benefit them. Low-spending on the social sector is a chronic Indian problem and cannot entirely be attributed to liberalisation. For example, the government accepted more

¹⁷ G. Nancharaiah, “Economic Development of *dalits* and 50 years of Independence: A macro analysis”, *Social Change* (New Delhi), September-December 2000, Vol. 30 (3&4), p. 134.

¹⁸ *The Bhopal Document: Charting a New Course for Dalits for the 21st Century* (Bhopal: Government of Madhya Pradesh, 2002), p. 57.

¹⁹ Mooij and Dev, *op cit*, p. 3.

²⁰ Calculated from data in Economic Surveys. See, Debashis Chakraborty, *How is the State Functioning? A comparative analysis of Growth, Governance and Social Issues during 8th and 9th Plan Period*, Agenda for Improving Governance – XVI, Rajiv Gandhi Institute for Contemporary Studies, New Delhi, September 2003, p. 24.

than three decades ago the need to spend 6% of GDP on education. By the early 1990s, the country was spending 3.6% on education, and this fell to 3.4% in 1996/97.²¹ Since 1991 an already weak commitment to human development has fallen further.

On the other hand, it is difficult to attribute claims that poverty has fallen²² to economic reforms. Reforms or no reforms, states traditionally doing better economically, such as Punjab and Gujarat, have continued to do so. It is correct to credit reforms for the growth in services, industry and urban employment and infrastructure but no such claim can be made with regard to rural development.

What is particularly relevant with regard to the poor is the fact that the so-called direct action on poverty eradication seems to have lost its appeal with policy makers, with ramifications for political economy. In the 1970s and 1980s, direct action in the form of employment generation and other developmental schemes had created a sense of belonging among the poor. With all other excesses typical of India, these direct interventions were expanded into hundreds of 'schemes' and 'programmes' most of which emanated from, and were sponsored by, the central government. These 'Centrally Sponsored Schemes' number around 250 (though some estimates suggest as many as 327) and range from the provision of drinking water, housing, welfare of scavengers to Malaria eradication and AIDS control.²³ One reason the central government sponsors these schemes in sectors that come under the jurisdiction of the states is that it is reluctant to decentralise financial powers to states, many of which routinely divert central funds to other schemes.

Though the direct action schemes may not have had a spectacular impact, they did help legitimise the overall development strategy, as well as the political establishment. Such a bonding and communication between government and citizen has been less conspicuous since 1991. Too much duplication, administrative apathy and delivery failures have discredited the direct action approach. Recent efforts to streamline and rationalise developmental policies at the centre have not yielded any tangible results.²⁴ Placed in this context, the policies of the new United Progressive Alliance government towards poverty alleviation, such as 'food for work' programme, may be seen as a return to direct action. The ineffectiveness of programmes to help the poor and the lack of transparency involved in policy-making is at the core of the Dalit alienation today.

Human rights: Dalits fear that the smaller role for the state will mean that they will receive less protection, though the state has had little success in protecting the human rights of Dalits in the past. The community remains subject to myriad violations and atrocities. S.K. Thorat says, "the data between 1981 and 1997 showed that on average annually about 508 formerly untouchable persons were murdered, about 2,343 were hurt, 847 were subjected to arson, 754 women were raped and about 12,000 were subjected to other offences. With 513 murdered every year we cannot say that the formerly untouchable persons enjoy an unequivocal right to life."²⁵

²¹ P.R.Panchamukhi, "Social Impact of Economic Reforms: A Critical Appraisal," in Nagesh Kumar, ed., *Indian Economy Under Reforms: An Assessment of Economic and Social Impact* (New Delhi: Bookwell, 2000), pp. 165-6.

²² See, for example, K Sundaram and Suresh D. Tendulkar, "Poverty in India in the 1990s: Revised Results for All-India and 15 Major States for 1993-94", *Economic and Political Weekly*, November 15, 2003, pp. 4865-72.

²³ D. Shyam Babu, "Social Sector Schemes: A Brief Review," *op cit*, pp. 361-88.

²⁴ *Ibid.*

²⁵ S. K. Thorat, Lecture on "Legal Social and Cultural Situation of Ethnic Minority: A Case of Untouchables in India", in the conference on "Minorities in India and Germany. The Quest for Democracy and Human Rights and its importance for cooperation in Development", July 6-8, 2001, Evangelische Akademie, Mulheim an der Ruhr, Germany. Unpublished.

A more indirect impact of the retreat of the state from economic activity is in the erosion of social and political norms evolved as a result of the constitution against denial and discrimination. The recent revitalisation of local self-government through the 93rd and 94th constitutional amendments resulted in elections in most states for *panchayats* (village councils). Across the country, Dalits suffered social and economic boycotts and violence. While unconnected to economic reform, the redistribution of power from central government, perceived as more benevolent, to local councils from which they feel ostracised, is a further cause of pessimism in the Dalit community.

Market neutrality: Can the market ensure balanced development across regions and social groups? According to Pratap Bhanu Mehta:

A system of private ownership of industry, and the market as a system of allocation, in almost all societies, needs social legitimation. Part of this legitimation comes from its performance as an economic system; it just is palpably superior to its rivals. But part of the process of legitimation is also tied to its connection to other values that a society collectively decides are important. In this instance, it is an important social goal that the occupational structure of the economy does not represent a caste system as it were.²⁶

In a country like India, where people are divided into castes and communities, the market is unlikely to ensure the welfare of *all*. Dalits are not inherently incapable of economic progress but the social prejudice they face puts innumerable hurdles in their way. Dalits regard the market as an extension of the society in which they have little faith. Oliver Mendelsohn and Marika Vicziany describe the market's attitude towards Dalits:

Given a choice, it would seem that employers [in private sector] will ordinarily opt for a caste Hindu over a Scheduled Caste person. It might be argued that the caste Hindu is likely to have a stronger record of academic achievement and greater social presence as a result of the usual disparity in family background. But it is highly doubtful that this is a sufficient explanation. There are now considerable numbers of Dalits who can compete equally with high-caste people for at least middle-level positions. As yet, private employment in the white-collar sector is only a relatively minor source of overall employment in India. But India is to prosper, it will become perhaps the most important sector. Unless attitudes change, or unless reservation is extended to the private sector, the lack of a Dalit presence there will reinforce their lowly social position.²⁷

In a decade of reforms India has failed to introduce safety nets or to channel more resources into human development such as better educational facilities and better health care. Dalit criticisms echo those of Ambedkar's comments, made in 1925, on the economic management of British India:

All the revenue that was collected was spent on Services such as Police, Military and Administration which are calculated to maintain order. Such services as Education, State aid to industries, hardly found any place in the scheme of public expenditure as managed

²⁶ Pratap Bhanu Mehta, "Affirmation without Reservation," *Economic and Political Weekly* (Mumbai), 3 July 2004. (www.epw.org.in/showArticles.php?root=2004&leaf=07&filename=7370&filetype=html)

²⁷ Oliver Mendelsohn and Marika Vicziany, *The Untouchables: Subordination, Poverty and the State in Modern India* (Cambridge: Cambridge University Press, 1998), pp. 267-8.

by this irresponsible Executive. But it may be asked as to why the Executive, sovereign as it was, should have stood for order and against progress?

...so far as the moral and social life of the people was concerned, the change of government by the Moghuls to a government by the British was only a change of rulers rather than a change of system.

...That there was some advancement in material progress is not to be denied. But no people in the world can long remain contented with the benefits of peace and order, for they are not dumb brutes... Any people, however patient, will sooner or later demand a government that will be more than a mere engine of efficiency.²⁸

Unlike British India, which Ambedkar identifies with 'irresponsible executive', the Indian state is entrusted with a constitutional mandate to introduce radical socio-economic changes within a democratic order. That the state is unwilling to own that responsibility is at the core of the Dalit problem. In fact, it is at the core of the failure to introduce any socially-redeeming features in the reform process. The crucial difference between earlier, elite-driven, pro-poor policies and current elite-driven liberalisation policies appears to be that whereas earlier the elite was influenced by the ethos of Independence struggle and by the constitution, the liberalisation elite is unencumbered by such sentiments. To appreciate why the elite may not care for Dalits, it is essential to understand who are these elite. According to Naomi Hossain and Mike Moore:

They are the people who make or shape the main political and economic decisions: ministers and legislators; owners and controllers of TV and radio stations and major business enterprises and activities; large property owners; upper-level public servants; senior members of the armed forces, police and intelligence services; editors of major newspapers; publicly prominent intellectuals, lawyers and doctors; and – more variably – influential socialites and heads of large trades unions, religious establishments and movements, universities and development NGOs.²⁹

The absence of Dalits among the elite means their interests are not taken care of. Of the above list, Dalits can be said to have adequate representation among ministers and legislators, a negligible presence among upper-level public servants, and lawyers and doctors. The adequate representation in numbers of Dalits among ministers and legislators—the law-makers and rulers—has been rendered ineffective by virtue of their dependence everywhere on non-Dalits to get elected.

Part III: A solution from the Bhopal Conference³⁰

The Bhopal Conference of Dalit intellectuals and activists, held in January 2002, is perhaps the first attempt at mass level (more than 250 people attended from all over the country) to address the problems of the Dalit community in the changing economic situation. It was policy-oriented and aimed at influencing public opinion. The conference was conceived and organised by second

²⁸ B. R. Ambedkar, *The Evolution of Provincial Finance in British India: A Study in the Provincial Decentralization of Imperial Finance*, reprinted in *Dr. Babasaheb Ambedkar: Writings and Speeches*, Vol. 6, (Bombay: Education Department, Government of Maharashtra, 1989), pp. 231-4.

²⁹ Naomi Hossain and Mike Moore, "Arguing for the poor: Elites and poverty in developing countries," IDS Working Paper 148 (Brighton, Sussex, UK: Institute of Development Studies, January 2002), p. 1.

³⁰ The section draws from the author's paper, "Dalits and New Economic Order: Some Prognostications and Prescriptions from the Bhopal Conference", RGICS Working Paper Series No. 44 (New Delhi: Rajiv Gandhi Institute for Contemporary Studies, October 2003).

or third generation English-speaking Dalits. In fact, with few exceptions, the working language of the conference was English. Mid-career Dalit academics and researchers along with sympathetic non-Dalit scholars and journalists participated. The basic assumption of the conference was that the economic reform process was irreversible no matter what Dalits thought of it. The stand is similar to that of a participant, Gail Omvedt, at the Pune Conference:

A healthy market-oriented economy (liberalisation) is necessary for the economic growth which will alone provide the basis for reducing poverty... Dalits and other progressive forces should press for an alternative new economic policy in their interest, an 'open economy' oriented to sustainable development that includes liberalisation with social justice.³¹

Having acknowledged the irreversibility of the process, the participants confronted the obvious challenge: How to realise 'liberalisation with social justice'? As part of the exercise, the Bhopal Conference issued a pre-conference book, *The Bhopal Document: Charting a New Course for Dalits for the 21st Century*³², and a unanimous declaration at the end of the conference. These two documents record a policy-oriented approach for Dalits under liberalisation.

The conference drew inspiration from the Civil Rights Movement in the US and the Anti-Apartheid struggle in South Africa. Reduced to one word, the Civil Rights Movement's accomplishment was 'Diversity'—the ideal that public institutions, be they government or private, should reflect societal diversity in their workforce and contracts. The crucial difference between India's quota system of reservations and Diversity is that while the former is mandatory the latter is voluntary. Backed by 'equal opportunity' clauses in the law, the US model of Diversity does not require lowering of the standards but prohibits discrimination based on extraneous considerations.

While commenting on the limitations of public-sector reservations, the Bhopal Document's author, Chandra Bhan Prasad, argues that as the private sector in India employs less people (8.69m) than the government, "reservations cannot uplift the community from its existing economic conditions."³³ For the Bhopal Conference, private-sector reservations are not an issue. Instead, the conference concentrated on how best Dalits could be prepared or helped to enter a liberalised economy. There is a need to look beyond jobs which are incapable of having any transformative impact because their number is too small while the state still has a major role to play in areas within its jurisdiction.

Therefore the conference explored avenues *within* the state to which affirmative action could be extended. Historically, affirmative action under the constitution has been defined in a narrow manner, reduced to the provision of reserved employment. What about other economic activities undertaken by the state? The Bhopal Declaration demanded a proportionate share for Dalits and tribals in government purchases, dealerships and contracts. This would not necessitate any additional financial burden on the exchequer, but would enable the community to come out of the present jobs-only mindset and help it to imbibe a more entrepreneurial culture. The Bhopal Conference had three significant successes. First, it prevailed on the Madhya Pradesh state government to accept and implement dealership Diversity. It is too early to predict how far the new government in Madhya Pradesh, which came to power in the first week of December 2003, will continue with the programmes which emanated from the Bhopal Conference. Second, the conference succeeded in mainstreaming the Dalit question as well as making the issue of

³¹ Gail Omvedt, "Economic Policy, Poverty and Dalits", in Jogdand, ed., *op cit*, pp. 55-6. (Omvedt also attended the Bhopal Conference)

³² *Op cit*.

³³ *ibid.*, p. 58.

economic empowerment a part of Dalit discourse. Since the conference, media commentary and academic research have taken note of the development.³⁴

Third, the Congress Party adopted 'Diversity' (though in vague terms) in its election manifesto for the 2004 parliamentary elections. The manifesto said: "Determined efforts will be made to promote a culture of entrepreneurship among the dalits and adivasis by providing businesses run by them with preferential treatment in government procurement and by extending bank credit at affordable terms."³⁵ Congress also promised that it would "create a national consensus on the issue of dalits and adivasis getting a reasonable share of jobs in the private sector."³⁶ After coming to power, however, the Congress party committed an 'oversight' – the promise of creating national consensus over job quotas in private sector became initiating 'a national dialogue' in the government's Common Minimum Programme (CMP).³⁷ More significantly, the CMP is silent on the promise of giving preferential treatment in government procurement. When asked about the discrepancy between the manifesto and the CMP, a senior Congress leader who didn't want to be named pleaded 'oversight' and promised "to bring this to [Congress President] Sonia Gandhi's notice."³⁸

Part IV: Liberalisation and social justice

Experiences in other liberalised countries suggest that liberalisation is compatible with social justice, but it is not automatic. Democracy remains the only hope to inject social justice component into liberalisation. Continued anti-incumbency will force politicians to re-evaluate their approach to economic reforms. Experience so far suggests some lessons that the elite ought to learn.

- ◆ Economic growth and prosperity does not automatically ensure social justice or 'balanced' growth across social groups. India can continue to enjoy GDP growth of 7% or more but will remain poor. There is something fundamentally wrong with a system in which a population of over one billion is called a market of 250m. The state should attend to the problem of why three-fourths of the population are not even 'consumers'.
- ◆ The Indian state has failed to discharge its police functions to defend the human rights of Dalits. The state's equanimity in implementing law of the land and some activism to ensure capacity-building among discriminated sections will help create an enabling environment for liberalisation to flourish.

³⁴ See Aditya Nigam, "In Search of a Bourgeoisie: Dalit Politics Enters a New Phase," *Economic and Political Weekly* (Bombay), Vol. XXXVII (13), March 30, 2002; "Dalit meet is not ploy to get votes", *The Indian Express* (New Delhi), January 13, 2002. See also, "Dalits must get their full rights: Digvijay", *The Hindu* (New Delhi), January 6, 2002; Pratap Bhanu Mehta, "New agenda for Dalits — I", *The Hindu* (New Delhi), February 14, 2002; "Reserved Signs: Politicians can only offer job quotas but no actual jobs," *The Times of India* (New Delhi), June 2, 2003; Javed Anand, "Dalit Drishti: Dateline Bhopal", *Communalism Combat* (Mumbai), NO. 75-76, January-February 2002; Rajesh Ramachandran, "Private sector for Dalit cause: Party", *The Times of India* (New Delhi), July 10, 2003; "Cong takes up quota issue with pvt sector," *Hindustan Times* (New Delhi), September 3, 2003; Swaminathan S Anklesaria Aiyar, "Diversity doesn't mean reservations", *The Economic Times* (New Delhi), July 23, 2003.

³⁵ *A Time for Change: Progress with Congress*, "Lok Sabha Elections 2004: Manifesto of the Indian National Congress" (New Delhi: Indian National Congress, 2004), pp. 21-2.

³⁶ *Ibid.*, p. 21.

³⁷ For the text of the CMP, visit: www.thehindu.com/2004/05/28/stories/2004052807371200.htm

³⁸ Avijit Ghosh, "Breaking the mould: Preference to SC/STs in government orders finds no mention in CMP," *The Telegraph* (Kolkata), 18 July 2004.

(www.telegraphindia.com/1040718/asp/opinion/story_3509838.asp)

- ◆ Social justice should be implemented within the state before requiring the market to do so. As the Bhopal Conference experience showed, the state could become proactive, not just in providing employment but in several economic activities it undertakes. What prevents the state, for example, from setting aside a proportion of its dealerships and contracts for entrepreneurs among Dalits and other marginalised sections?
- ◆ Social justice can be implemented even in the private sector. India urgently requires equal employment clauses in its laws to ensure gender equality and social justice. A clear definition of 'public institutions', distinct from entirely private-owned ones, has to be evolved. A private firm which receives investment or loans from public financial institutions or public sector banks can be made to implement social justice. In fact, the financial resources at the command of the state can be utilised to promote social justice.
- ◆ India's pitiable performance in the social sector has more to do with the elite's lack of concern for the poor and is unrelated to liberalisation or earlier 'socialist' development models.

Conclusion

There is something deceptive about the terminology of liberalisation. Liberalisation in the present context only means 'economic' liberalisation. Even the seemingly neutral usage, 'economic reforms' also hides more than it reveals. In popular perception liberalisation may be associated with 'liberalism' but it does not contain any of liberal elements such as individual liberty, tolerance, rule of law and equality. None can be taken for granted in a country in which caste and communal divisions and discrimination are commonplace. The trouble with India is that at Independence, as Ambedkar mentioned, political democracy did not contain social democracy. Now, during economic liberalisation, there is no parallel process trying to free society from obscurantism, narrow mindedness and caste prejudice—the inhumane features of the society that keep Dalits in poverty and denial.

Negligence or unwillingness to reform society was responsible for the failure of past attempts to economically empower Dalits. Now, economic reform is being undertaken without paying attention to social reform. The result will be the same. Dalits' apprehension about being left behind is turning into despondency. Economic reform without social change will not solve the problems faced by Dalits, and will ensure continued political instability.