Fellow Dalits, Open Your Own Bank

If no one else, Dalit middle class can fund Dalit capitalism to produce Dalit billionaires

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On the outskirts of west Delhi, first-generation Dalit entrepreneur Subhash Singh Grover has earned a place for himself in the crane industry. A year back, he received an offer from a company to supply two cranes, both 250 metric tons in strength. He needed Rs 5 crore to commence production. Without any assets to pledge, he took a Rs 5 crore unsecured loan from a consortium of lenders at the interest rate of 15%. Since its birth in 2005, his company has spent over Rs 10 crore on interest.

Another first-generation Dalit entrepreneur from Delhi, NK Chandan makes smart electric meter covers, junction boxes and bus bars for power companies. Since 2013, he has spent over Rs 5 crore paying interest. He once took a large sum from a private lender at an interest rate of 36%.

The list of Dalit businessmen spending mind-boggling sums of money paying interest to usurious private lenders is long. Ahmedabad based Ratibhai Makwana trades in plastics. The Makwana group spends over Rs 7 crore annually on paying interest. A leader in making fishing nets, Bhavnagar based Devji Bhai Makwana spends about Rs 5 crore on interest annually. New Bombay based first-generation Dalit entrepreneur Ashok Khade has spent about Rs 10 crore on interest in the past decade. The list goes on.

In collaboration with scholar D Shyam Babu, senior fellow with the Centre for Policy Research, Delhi, we have studied about 1,000 such Dalit businesses nationwide. This study was commissioned by the Centre for the Advanced Study of India, University of Pennsylvania. Led by then CASI director Devesh Kapur, who is now with John Hopkins University, the study concluded in 2015.

The consistent point that emerged is that most Dalit businesses find it tough to secure bank credit. Consequently, an overwhelming majority go to private lenders who charge huge interest. Some lucky ones, Makwanas for instance, get into formal banking. But it is no wonder that not a single Dalit entrepreneur is able to enter India’s billionaire club.
Post-reform Dalits have been thinking of careers beyond government jobs but the society hasn’t responded encouragingly. Mainstream India still sees Dalits as job and food seekers. Financial institutions see Dalits with suspicion, undervaluing their business acumen. Dalit businesses remain friendless. True, much has changed. Dalits have earned breathing space. But the market isn’t as casteneutral as Dalits had hoped for.

For a Dalit, being in business is like fishing in Antarctica without boots and gloves. May be one in a hundred succeeds. Despite being celebrative of capitalism as a social order, Dalit capitalism is companionless. There is no financial agency that can be petitioned for interest-free credit to Dalit businesses that pass the Motordrome test. If big businesses can be awarded tax holidays for investing in backward areas, why can’t firstgeneration Dalit businesses earn a similar benefit? If farmers can get credit for crop loans at 4.5% interest, and possible write-offs, why charge 8% interest from Dalit business?

Dalit businesses have no empathisers either, there are exceptions though. Friend of Adivasis and Dalits, Digvijay Singh had come up with the slogan of Adivasi/ Dalit crorepati in January 2002, and had set aside 30% government procurements for Adivasi/ Dalit businesses. He is no longer in power. The moral face of India Inc JJ Irani had unleashed a process of integrating Dalit businesses with India Inc a decade back, he now leads a retired life. Mentor of Dalit capitalism Montek Singh Ahluwalia is no longer in the system. There is no fourth public figure in this sprawling country that Dalit businesses can approach for a nuanced treatise as to how Dalit capitalism adds to India’s social strength.

There is hope though, not everything is lost, Dalit middle class is flush with funds. Many Dalit families now hit the Rs 10 million mark a year. According to thinktank Adi-Dalit Foundation, 257 central PSEs employ almost two lakh Dalits who make Rs 17,451 crore annually. There are 1.1 lakh Dalits college/ university teachers in the country, together they make Rs 14,600 crore a year, and 1.7 lakh non-teaching Dalit staff make another Rs 8,200 crore a year. Over 9.26 lakh Dalit primary schoolteachers across India make Rs 55,600 crore a year. Over 1.27 lakh Dalits employed in all public sector banks make Rs 8,016 crore a year. This alone adds up to about Rs 1,03,800 crore a year. Just 1% contribution to a Dalit bank would mean revenue worth Rs 1,038 crore a year. There are 27 states and seven Union territories that employ Dalits. Over 40 lakh Dalits in central and state governments and PSEs make many lakh crores a year.

Despite making hundreds of billions of rupees annually, Dalits have no bank or financial institutions of their own. With a little financial wisdom, and a mere 1% investment of their income, Dalits in government services alone can create banks with massive liquidity every year. Most of that money, like floodwaters, goes into the seas. Dalit middle class has not been able to tame their money into their own banks. If no one else, Dalit middle class alone can fund Dalit capitalism project that can produce Dalit billionaires worth the Indian billionaire club membership. Dalit billionaires can create a bigger spark than Dalit politicians occupying top public positions.
So fellow Dalits, awake, channelise your incomes into your own banks, build a Dalit economy the way American Blacks have built their own economy, turning American capitalism more respectable, vibrant.

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