Private Enterprise Development among Scheduled Castes in India: A Comparative Study of Ownership, Productivity and Policy Implications

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Abstract

Society has two dominating hierarchies, economic and status. Some groups stand on periphery of both. Marginalised groups (especially schedule caste) in India are an example which is included under the SC, SP and TSP. They are still seeking for the redistribution and recognition. It is an issue of identity and materialistic well being. Present studies shows that these groups have remain the periphery of distribution due to their poverty and constitutive effect of poverty in our society. A high proportion of upper caste entrepreneurs are often put forward as an evidence to suggest the equal growth of entrepreneurs in India among all the castes. This is reflected in the citation of a higher proportion of upper castes entrepreneurs as heads/members of various organisations (governing bodies).This study is an effort to examine the implementations of government policies and programmes for the non general category entrepreneurs to prevent their discrimination by the state agencies within the social fabric of U.P. and the emergence of DICCI as a helping hand for the excluded group entrepreneurs in the country.

Keywords: SCSP, TSP, DICCI, Entrepreneurship.

1. Introduction

According to the Economic Survey 2006-07, Scheduled Castes constitutes 16.23% of the total population of the country (2001 Census) but continue to suffer on account of severe socio-economic deprivation arising out of poor asset base, dependence on wage labour, subsistence level of farming, engagement in scavenging and other unclean jobs and other social evils. The research on Schedule Caste entrepreneurship is scarce and there are few in-depth studies on this subject. There is an urgent need as well as wide scope for research on Schedule Caste entrepreneurship in a developing country like India, which is riddled with the unique caste system non-existent anywhere else in the world. The study intends to provide insight into the entrepreneurial challenges among persons belonging to Scheduled Castes. It intends to study the key variables responsible for the emergence of entrepreneurship (or the lack of it) in this section of the population; the unique circumstances and conditions that Schedule Caste entrepreneurs confront (different from the ones that other sections of society seldom face); their level of success and the constraints or challenges that such

enterprises/entrepreneurs typically face. The study also examines the impact of Government schemes and initiatives targeted specifically for the benefit of such entrepreneurs.

1.1 Entrepreneurship

In this study Entrepreneurship is also concluded in words of Joseph Schumpeter, the Austrian economist at Harvard, that we owe our contemporary use of the world 'entrepreneur'. Schumpeter took an old word from the economics dictionary and used it to describe what he believed to be the secret of the capitalist system.

2. Origin of Indian Entrepreneurship as a Trading Caste

In Origins of the Modern Indian Business Class, D.R. Gadgil points out that India's traditional trading castes in early modern times were predominantly Agarwals and Guptas in the north, Chettiars in the south, Parsees, Gujarati, Jains and Banias, Muslim Khojas, and Memons in the west, and Marwaris across the country. In addition, Khatris were a vigorous, urban Hindu community engaged in trading activity in Punjab, Afghanistan, and Central Asia. In 1997, 15 out of the 20 largest industrial houses were from Vaishya trading castes; of these eight were Marwaris (Business Today, 22 August 1997).

3. Impact of Economic Reforms in 1991

If we look back Forty years of Nehruvian Socialism or State Capitalism was not able to destroy India's so called legendary entrepreneurship even though it distorted its behaviour. With the reforms in 1991, Indian entrepreneurs began to be liberated from industrial licensing, import licensing, MRTP, high taxes and tariffs, and host of other controls. The reforms were incremental and slow painfully slow but the remarkable thing is that all governments after 1991 engaged in these slow reforms.

4. Schedule Caste as an Entrepreneur

Entrepreneurship is particularly important as the so called "Scheduled Castes" have run and managed a number of traditional and cottage industries such as handicrafts, pottery, leather-work for centuries. The skills, know-how and domain of knowledge necessary for this purpose have been passed on from one generation to the next and are available with them even today. Our history is evidence that many small enterprises like fan-making, leather craft and manufacturing of musical instruments were their monopoly. These deserve to be revived with help of the new available technologies to make these neglected enterprises by traditionally skilled persons as successful entrepreneurship ventures. Another factor that contributes to the attractiveness of entrepreneurship in the context of this community is the feeling of self-worth and independence that it generates.

At the highest end of business activity, the absence is of course across a much wider spectrum than just the financial sector: out of fifty-five Indian billionaires in US dollars on the latest Forbes list, not one is from the SCs or STs. Yet, it would be incorrect to conclude from either the episode narrated by Gupta or this fact that the system has produced no entrepreneurs from the socially disadvantaged groups. While it is true that during the years of slow growth, the economy produced few significant entrepreneurial successes among the socially disadvantaged, the recent acceleration in growth is beginning to pull them into its fold. The "pull-up" has not yet brought them all the way to the top and therefore into the Forbes billionaire list, but it has produced rupee billionaires from among at least the SCs if not STs. In fact, newspapers have recently widely reported on thirty "Dalit Crorepatis" who were invited for a meeting that the Planning Commission specially organized for them. Among the invitees was Milind Kamble, who serves as chairman of the Dalit Indian Chamber of Commerce and Industry (DICCI) formed in 2005. Kamble is reported to have said, "Including mine, most of the big Dalit-owned businesses are fifteen years old. With the emergence of globalization and the disappearance of the License-Permit Raj, many opportunities appeared and many of us jumped on them." Describing the meeting at the Planning Commission, he went on to note, "The Planning Commission was stunned when they asked how many of us used government schemes to build their businesses. Only one entrepreneur from Mumbai raised his hand and described how he'd applied for $20,000, spent three Years visiting government offices to chase his money and finally got $15,000." 2 Beginning on July 21, 2011, *The Economic Times,* India's leading financial daily, have been profiling some of the most prominent Schedule Caste entrepreneurs.

5. Methodology

Methodology is an implication of scientific tools and techniques for revealing or exploring the challenges faced by the schedule caste entrepreneurs while starting the business, disbursement of loan (finance) and the initiatives taken by the government agencies, local bodies, level of engagement of different caste of workers and types of firms engaged in the allied activities in which the schedule caste entrepreneurs are engaged in production, manufacturing and service providing works in the Lucknow and Barabanki district of Uttar Pradesh.

The research designed for this study is descriptive as well as analytical in nature and it helps to evaluate the various indicators on the basis of various set of data sources available from government. Variables measured in this study are the cumulative scores of the investments made by the schedule caste entrepreneurs and the state and the returns they get from the areas where they are operating concerning the type of development plans needed in their operating area.

Target population for the collection of data is the MSME's. In this research the universe is finite and the geographical areas are chosen i.e. two districts are chosen. Firstly, on the basis of Planning Commission's report for Backward Region Grant Fund (BRGF) in which Barabanki

district is among one of the 35 backward districts of Uttar Pradesh identified by the Planning Commission for Backward Region Grant Fund (BRGF) which is also among one of the emerging districts with a growing industrial corridor located near by the state capital and also as the Chairman of National Commission For Schedule Caste and Schedule Tribe is also a Member of Parliament (Rajya Sabha) earlier member of Lok Sabha form Barabanki District. Secondly, state capital itself is taken as it has established Industrial areas like Amausi Industrial area, Nadarganj industrial area, Sarojini Nagar industrial area and Talkatora (Aishbagh) Industrial area.

Sample units are stratified on the basis of investments done during establishment and turnover of the enterprise. So I will go through the probability sampling in which I will choose stratified sampling and divide the whole population in to several sub populations that are individually more homogenous than the total population and I select items from each stratum to constitute a sample. Schedules of Enquiry as a survey instrument should be used for the data collection to obtain responses from the target group through the survey method which consists of two parts: Part one for the entrepreneurs and part two for their turnover and financial details. Statistical software CsPRO was used for data entry and SPSS 22 for data analysis.

6. Survey Instruments

6.1 Schedules of Enquiry

During the study schedules of enquiry contained two formats, which were used by us for data collection. Format for detailed enterprise level data of registered and non registered MSME's selected:

S. No.	Format No.	Description of Schedules of Enquiry	Remarks
1	I	Format for detailed enterprise level data of registered and non registered MSME's selected	This was filled in respected of all the Micro, Small, and Medium enterprises of registered and non registered sector(list frame)
2	II	Working sheet to calculate gross output, total input, gross value added and net worth, for filling up format I	This was used for each unit surveyed to compute gross output, total input, gross value added and net worth. The values arrived at, were given against the respective items in format I

6.2 Classification of Enterprises

Classification is based on International Standards Industrial Classification (ISIC) introduces recently by Central Statistics Office (CSO) was used for classifying economic activities. In this study we have taken 50 enterprises as a sample size from both the districts and categorized on the basis of their Capital Investment and Turnover, Gender, Caste, type of enterprise whether it may be registered or unregistered etc.

6.3 Ownership by Social Category of Owner

Table 1: Percentage distribution of enterprise by caste among different types of enterprises (Micro, Small and Medium)

Caste	Micro	Small	Medium	Total
SC	08	03	02	13
ST	-	-	-	-
OBC	11	05	03	19
Unreserved	10	05	03	18
Total	29	13	08	50

The socially backward groups owned almost 64 percent of MSME's, bulk of which was owned by OBC's (38 percent). Representation of SC and ST ownership among MSME sector was low as 26 percent respectively. The aforesaid pattern of ownership by socially backward groups was true, by and large, both in rural and urban areas. The centralisation of Entrepreneurs in urban and semi urban areas is specific.

6.4 Ownership by Gender of Owner

Table 2: Percentage Distribution of Enterprises by Gender of Owner and Sector

Sector	Male	Female
Micro	26	03
Small	13	-
Medium	08	-
Total	47	03

There is dominance of male in ownership of MSME'S. Thus, for MSME sector as a whole, male owned 94 percent of enterprises as compared to 6 percent owned by female. There is no significant deviation in this pattern in urban and rural areas, although the dominance of man-managed enterprises is more pronounced in urban areas as compared to rural areas. Table 3: Classification of Registered and Unregistered Industries

Type of Industry	Registered	Unregistered	Total
Micro	10	19	29
Small	13	-	13
Medium	08	-	08
Total	31	19	50

This table delineates that most of the enterprises are registered whatever their type may be. Thus, for MSME sector as whole, registered enterprises dominates in all the three. Unreserved category entrepreneurs Owned enterprises have maximum number of registered enterprises i.e. 24 percent of enterprises as compared to 30 percent registered enterprises owned by

socially backward groups. 46 percent enterprises are unregistered in which 12 percent are from unreserved category entrepreneurs while 34 percent by socially backward groups.

Table 4: Status of Building

Caste	Rent	Own	Total
SC	08	05	13
ST	-	-	-
OBC	06	13	19
Unreserved	04	14	18
Total	18	32	50

It is mentioned in this table that socially backward groups are running their enterprises in rented buildings. 28 percent of the unreserved category entrepreneurs have their own buildings while 36 percent of the socially backward group's entrepreneurs have their own building. On the ground of rented buildings figures are totally changed. 28 percent Entrepreneurs from socially backward groups were running their enterprise in the rented buildings which were in general owned by the unreserved class. 8 percent of the enterprises of the unreserved entrepreneurs were running in the rented buildings.

Table 5: Ownership participation among different enterprises

Caste	Gender		Total
	Male	Female	
SC	13	-	13
ST		-	-
OBC	18	01	19
Unreserved	16	02	18
Total	47	03	50

Here statistics shows that maximum numbers of female entrepreneurs are from the OBC and Unreserved Class which is 6 percent of total figures on the other hand male entrepreneurs comprised of 94 percent in which 62 percent belongs to socially backward groups.

Table 6: Qualifications of the owners

Qualifications	Caste				Total
	SC	ST	OBC	Unreserved	
Illiterate	-	-	-	-	-
Up to middle	03	-	-	-	03
High school	02	-	02	-	04
Intermediate	04	-	05	03	12
Graduation	03	-	06	05	14
Post graduation	01	-	03	03	07
Technical/professional degree	-	-	02	05	07
Technical professional diploma	-	-	01	02	03
Total	13	-	19	18	50

It is revealed in this table that Maximum numbers of entrepreneurs are graduates and are from every social group while entrepreneurs having Post graduation and technically sound entrepreneurs are from unreserved class as compared to socially backward class.

Table 7: Sources of finance at the time of establishment

Caste	Government					Other than government	Total
	PMEGP	REGP	PMRY	MSE_CDP	State govt schemes		
SC	05	-	-	-	-	08	13
ST	-	-	-	-	-	-	-
OBC	08	-	02	-	-	09	19
Unreserved	09	-	03	-	-	06	18
Total	22	-	05	-	-	23	50

Here in this table Sources of the finance at the time of establishment are presented as more financial assistance by the government i.e. 54 percent while other than government assistance falling to 46 percent. As compared to OBC and Unreserved groups, SC groups are less benefitted from the government schemes.

Table 8: Technology Related Information

Social Category	Use of machinery			Total
	Modern	Traditional	No technology	
SC	05	08	-	13
ST	-	-	-	-
OBC	08	11	-	19
Unreserved	08	10	-	18
Total	21	29	-	50

This table reveals that in both the districts modern technology is comparatively less adopted as compared to traditional one. Among which 26 percent of the SC entrepreneurs were using both the modern and traditional technology. While 74 percent technology of the driven enterprises were owned by Unreserved and OBC entrepreneurs.

7. Conclusions

We started with an observation about how OBC and especially SC and ST Entrepreneurs have brought out significant changes at the level of entrepreneurship representation in Independent and Global India. The evidence we have presented in this study shows that OBC entrepreneurs have made progress in entrepreneurship, but SC and STs have remained considerably underrepresented in the entrepreneurial prowess. The rise of dalit millionaires, driven in part by newer economic freedoms, does not appear representative of the broader swatches of the SC/ST population.

As promises of our constitution to deliver equal opportunity and justice based on equal ground is denying with caste class and gender but the evidences are not matched with the same. Post liberalisation era provide the opportunity to the development of all but centralised to certain groups. SC community of India is still remaining in periphery of development. Whatever the plans made by the Central and State governments were unable to actualise in reality.

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