

## IMPACT OF FDI ON THE WEAKER AND MARGINALIZED DALITS IN INDIA

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### Abstract

*FDI is the Foreign Direct Investment by one economy in an enterprise of another economy. The objective behind this investment is to establish an interest in the investee economy. This interest is built up by buying the company or expanding the already set-up business activities in the target country. This investment is important for the economic growth of the country. It is essential because it brings with itself the development in the market of the target country, as well as the technical skills, business expertise, the knowledge and employment. But it also brings the challenges along with itself.*

*Due to caste system, poor dalits living in rural areas are still struggling for their rights. Neither have they had facilities, nor education. How far these poor dalits, without proper education and skill development, will exist in competitive market, is an issue raises a serious debate in the present paper.*

**Key words:-** FDI, education and skill development, competitive market

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## Introduction

This paper is an attempt to look into the hard struggle of dalits with the arrival of Foreign Direct Investment (FDI) in India. The feature of FDI is that it neglects the division of society on basis of caste and poor or rich. Working on the theme “*Think Globally and Act Locally*”, the FDI believes in expansion of the market. As a consequence the strong competition emerges without taking care about the welfares. No doubt, FDI promotes the development but one should not forget that it raises many challenges too. Can FDI succeed in bringing the ‘Sustainable Development’ in India? This issue is important to rise because in the era of Globalization, caste system still exists in India. If we look at the competitive market of the present scenario, the dalits seem to struggle more as compared to others. Therefore, this paper attempts to evaluate the success or failure of FDI in the caste based Indian society. The paper has been divided into four sections.

The first section deals with the meaning and feature of FDI. The section will try to locate India in the competitive market.

The second section will emphasize on the struggle of dalits in caste based society for their employment particularly in the competitive market.

The third section tries to bring to the fore the various challenges emerge during FDI.

The fourth section will try to evaluate the success or failure of FDI.

## Foreign Direct Investment- Meaning and scope

The Foreign Direct Investment (FDI) is also known as ‘Direct Foreign Investment’. Through FDI one company or individual is investing directly into business or production of another country. In other words, the company which is investing is located in a different country than the investor. It deals with the purchases of a particular kind of infrastructure like buildings, machinery or equipment. FDI does not include all Industrial Sectors, Arms and Ammunitions, Atomic Energy and Railway and Transport. Also, one cannot invest in coal mines and lignite. The hosted countries encourage FDI because it brings financial investment, trade and technology, better quality resources as well as the competition at local level to perform best. This results in the increase of growth rate.

Historically, the most FDI flow is captured by the advanced economies of USA. USA is still capturing its largest share in the market. When the stock and flow of FDI increases it moves towards the developing countries. In the present scenario, the ‘Asian Tiger’ economies like China, South Korea, Singapore and Philippines are experiencing the growth into their economies. The major contributor to FDI in India is Singapore, Mauritius, Netherland and United States. The companies adopt the following ways to enter in any country through FDI-

- Incorporating the wholly owned companies.
- Acquiring share in the associated enterprise.
- Merger and acquisitions.
- Participating in joint ventures with others.

Globalization has enlarged the market in which local and small companies have brought to the same level of competition with the large Multi-National Companies. It establishes a spirit of competition among them and provides an exposure to these companies to promote the trade and technology through Foreign Direct Investment. Thus, FDI is a route adopted by the companies to operate globally.

Recently, India has emerged the most important destination for investment rather than China and USA<sup>1</sup>. The Foreign Direct Investment in India is a process to facilitate the people to invest in India. The investors in India have never felt the pressure because their investment has always been unleashed for the growth of more capital within the country. India, on other hand, is promoting FDI because Indian infrastructure has suffered in the field of production and manufacturing due to lack of essential capital<sup>2</sup>. Recently, the Government of India has promoted FDI in its wise policies. This is because India is capable of absorbing about US \$50 Billion through FDI<sup>3</sup>. The FDI in India takes place through effective financial collaborations in which two or more companies come in association and they share much in common financial consensus.

FDI benefits both the country - the country from where the investment originates as well as the host country. Due to Globalization the enlarged market has brought to the local and small companies at the same level of competitions with large companies. It provides the opportunities to investors to purchase or place the investments outside their own country. It reduces the operating cost and avoids the governmental pressure on local production. It boosts the domestic market. The FDI takes place with collaboration. During the collaboration the leadership factors are kept aside and a healthy unity is created. This contributes to the bigger financial platform. It creates new jobs and increases the exports. According to Indian Staffing Federation (ISF), FDI in retail sector leads to 4 Million direct jobs and 5-6 Million indirect jobs<sup>4</sup>. It creates many opportunities for the local population. FDI also boost the wages and a new research, technology, talents and skills through training. It strengthens the manufacturing as well as the service sectors by contributing to the country's total productivity. It also brings the companies closer to the consumer market. The great competition among companies leads to more productivity and greater efficiency in host country. It also improves the corporate standards. It provides new marketing channels, cheap production facilities and finance. It reduces the trade barriers. It provides the opportunities to investors for co-production, joint ventures with local businessmen and avoids the pressure on Government for local production.

### Struggle of Dalits in India

In India the caste system is not a new phenomenon. Dalits are struggling for their rights since centuries. The caste system began with the master-slave relationship when Aryans invaded the indigenous people of India. The society was divided into four Varnas (Brahmins, Kshatriyas, Vaishyas and Shudras). Duties were performed according to Varnas. Brahmin knew the Vedas and therefore, performed religious ceremonies. Kshatriyas were meant for defending the territories, Vaishyas were traders whereas the Shudras were further divided into clean or anirvasita and unclean or nirvasita. The former category of Shudra consisted the peasants, artisans and nomadic whereas the latter category (also termed as Acchut or Untouchables and in independent India they are termed as Scheduled Castes and Scheduled Tribes as well as dalits) consisted the butchers, hunters, removers, cremators, hangmen, sweepers, drum beating in funerals and festivals, grave digging, making chappals, and scavenging etc.. Though dalits performed a large number of skill oriented duties as compared to other Varnas, but their bad-luck was that this section was deprived of education since centuries. The discrimination to them in all fields led to no progress in their upliftment. The dalits worked as bonded labourers in the fields of the higher castes feudal lords.

The struggle of dalits in caste based society was continued even during the British rule. Though, various legislative procedures had been framed to improve the condition of dalits in Indian society but only a small section within dalits was uplifted. The reason behind was that they were discarded from society and neither they were allowed to achieve education. However, a little movement among very few dalits from the low graded manual jobs was seen during this period. Though they entered the British army but they were not appointed above the rank of foot soldiers. Very few were working as clerks. Due to their strong protest for their rights in educational, political and economic field, finally, the Government of India Act 1919 and 1935 made dalit' representation legally viable. The objective behind these laws was to tap the hidden talent of dalits and bring them into the mainstream.

In post independent India, the Indian Constitution provides the legal safeguards related to the upliftment of dalits. But the framing of these laws has not been enough in providing security to dalits. A large number of dalits are working as bonded labour in factories like brick kilns, stone quarries, beedi manufacture, carpet weaving, construction projects and sericulture processing industry<sup>5</sup>. They are in majority because their forefathers deprived from education and they were poor since centuries. Dalits are working in the fields of rich higher caste landlords without any proper wages and when they demand their wages, they have been beaten-up. The historical impact of caste-system is still visible in shop of barber, tailor, washerman, tea-shops and retail market<sup>6</sup>. Dalits who are employed at the hotels in urban cities have to face the caste stigma in one or other way.

### Challenges to Dalits due to FDI

Dalits are facing the caste stigma since centuries and this stigma still exist. Majority of them are poor and living in rural areas and working as bonded labour. No doubt, the FDI brings development and opportunities to the people but the opportunities avail only to those who are skill oriented. Skills are performed efficiently only when education is achieved. But the poor dalits without proper education can neither compete the skilled people nor are they promoted in the companies because of their illiteracy. The objective of the Multi-National Companies and the small and large scale companies is to bring efficiency in the working. But this efficiency is brought without compromising the historical background. On the name of efficiency, merit and skills, the dalits are almost kept away. Due to lack of the strong background and resources, personal contacts and flow of work, very few dalits can manage to enter into the competitive market. Without any reservation, the dalits are forced to compete to the upper castes who have been settled down since centuries. The huge gap between the upper castes and dalits mostly the poor, is very much visible in the competitive market where the former is playing very active role whereas the later is still struggling for their existence.

### Conclusion

FDI promotes the development. It brings the opportunities, skills and technology. It uplifts the living standard of people. But unfortunately, India is a Nation of caste system and this brings a great difference in opportunities also. The competitive market neglects the 'welfarism'. This makes the dalits deprived as usual. After evaluation one can easily say that the opportunities are existing in the market but due to inequality because of caste system, most of the section of society is deprived of these opportunities. Need is to frame the laws in such a manner that the benefit of the competitive market due to FDI should reach the dalits particularly the poor. The balanced development of Nation can be possible only if human values are created instead of looking at profit. The need is to promote the training among the dalits particularly the poor and change the ideology of 'theirs' and 'ours'. The idea of secularization of India will be achieved only when all the Ministers, officials, bureaucracy and the people are sensitized to recognize the hard struggle of dalits for their rights.

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