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Business Class Rises in Ashes of Caste System

Kuni Takahashi for The New York Times

Chezi K. Ganesan, of the once low Nadar caste, is one of South India's new breed of entrepreneurs.

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CHENNAI, India — Chezi K. Ganesan looks every inch the high-tech entrepreneur, dressed in the Silicon Valley uniform of denim shirt and khaki trousers, slick smartphone close at hand. He splits his time between San Jose and this booming coastal metropolis, running his \$6 million a year computer chip-making company.

His family has come a long way. His grandfather was not allowed to enter Hindu temples, or even to stand too close to upper-caste people, and women of his Nadar caste, who stood one notch above untouchables in [India's](#) ancient caste hierarchy, were once forced to bare their breasts before upper caste men as a reminder of their low station.

“Caste has no impact on life today,” Mr. Ganesan said in an interview at one of Chennai's exclusive social clubs, the kind of place where a generation ago someone of his caste would not have been welcome. “It is no longer a barrier.”

The Nadars' spectacular rise from despised manual laborers who made a mildly alcoholic palm wine to business leaders in one of India's most prosperous states offers significant clues to India's caste conundrum and how it has impeded economic progress in many parts of the country.

India is enjoying an extended economic boom, with near double-digit growth. But the benefits have not been equally shared, and southern India has rocketed far ahead of much of the rest of the country on virtually every score — people here earn more money, are better educated, live longer lives and have fewer children.

A crucial factor is the collapse of the caste system over the last half century, a factor that undergirds many of the other reasons that the south has prospered — more stable governments, better infrastructure and a geographic position that gives it closer connections to the global economy.

“The breakdown of caste hierarchy has broken the traditional links between caste and profession, and released enormous entrepreneurial energies in the south,” said Ashutosh Varshney, a professor at [Brown University](#) who has studied the role

of caste in southern India's development. This breakdown, he said, goes a long way to explaining "why the south has taken such a lead over the north in the last three decades."

India's Constitution abolished caste, the social hierarchy that has ordered Indian life for millennia, and instituted a system of quotas to help those at the bottom rise up. But caste divisions persist nonetheless, with upper castes dominating many spheres of life despite their relatively small numbers.

While in the south lower caste members concentrated on economic development and education as a route to prosperity, in the north the chief aim of caste-based groups has been political power and its spoils. As a result India's northern lower castes tend to be less educated and less prosperous than their southern counterparts. Charismatic leaders in the north from lower castes have used caste identity as a way to mobilize voters, winning control over several large north Indian states. Caste so thoroughly permeates politics in the northern half of the world's largest democracy that it is often said that people don't cast their vote; they vote their caste.

Caste is so crucial to northern politics that caste-based parties have demanded that caste be included in India's census, and the government, bowing to pressure, agreed to collect data on caste for the first time since independence. They hope that by showing their large numbers, caste-based parties can force government to set aside more jobs for their communities.

Tamil Nadu's Nadars belong to a community in the middle of India's caste system, occupying a place barely above the untouchables, now called Dalits. Academics and analysts have closely watched the rise of the Nadar caste for clues about the role caste barriers play in holding back India's economic progress.

Unlike northern India, where caste-based political movements are a fairly recent phenomenon, lower castes in southern India began agitating against upper-caste domination at the beginning of the 20th century. Because these movements arose before independence and the possibility of elected political power, they focused on issues like dignity, education, and self-reliance, Mr. Varshney said.

Nadars created business associations to provide entrepreneurs with credit they could not get from banks. They started charities to pay for education for poor children. They built their own temples and marriage halls to avoid upper caste discrimination.

“Our community focused on education, not politics,” said R. Chandramogan, a Nadar entrepreneur who built India’s largest privately owned dairy company from scratch. “We knew that with education, we could accomplish anything.”

As a result, when independence came the southern lower castes, who had already broken the upper caste monopoly on economic power, enjoyed political power almost right from the start. Tamil Nadu set aside 69 percent of government jobs and seats in higher education for downtrodden castes, which helped rapidly move lower caste people into the mainstream. The north put in place affirmative action policies, but because education was widely embraced, southern people from lower castes were better able to take advantage of these opportunities than northerners.

When India’s economy liberalized in the 1990s, the south was far more prepared to take advantage of globalization, said Samuel Paul of the Public Affairs Center, a research institution that has looked closely at [the growing divide between north and south India](#). “The south was ready,” Mr. Paul said.

Nadar businessmen like C. Manickavel have skillfully ridden the waves of prosperity that have crashed over India since liberalization, making small fortunes. Mr. Manickavel’s father had started a small printing business in Chennai, which at its peak made \$40,000 a year. But he sent his son to one of the best engineering schools in India, and Mr. Manickavel has turned that modest business into a \$1 million-a-year operation that designs e-books for big American publishers.

“We are supposed to be a backward community but we don’t think of ourselves that way,” he said in an interview in his state-of-the-art paperless e-publishing facility here. “I make sure my daughter studies at the best school in Chennai. We are as good as anybody else.”

It remains to be seen if the political agitation around caste in northern India will produce prosperity for lower caste people there, experts say. In India’s liberalizing economy these communities must prepare themselves to compete, not simply demand a bigger slice of the shrinking government cake, said Rajeev Ranjan, the chief bureaucrat in charge of industrial development in Tamil Nadu.

He is originally from Bihar, a northern state thoroughly in the grip of caste politics, but he has been stationed in the south for 25 years. He said northern states must heed the southern example. “Without that kind of social change it is very hard to do economic development,” he said. “One depends on the other.”

