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Caste Discrimination in Contemporary India¹

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8.1 Introduction

To what extent do social identities rooted in antiquity, such as caste, shape present-day socioeconomic outcomes in a rapidly globalizing and modernizing economy, such as India? It has been argued that “rapid economic growth and the expansion of the middle class are accompanied by new opportunities for individual mobility which further loosens the association between caste and occupation” and that “there are other areas of life in which the consciousness of caste has been dying down” (Beteille, 2012). In addition to rapid changes in the economy, the critical 73rd and 74th amendments to India’s constitution in 1992 paved the way for greater political representation of the so-called lower castes. Their sustained increased presence in the political arena, both as elected representatives at various levels, as well as important leaders within several political parties, has been termed India’s “silent revolution”. This is one more reason to expect either a reversal, or at least a flattening of traditional caste hierarchies. Indeed, this has been viewed as a large enough flux, such that we now have “a plethora of assertive caste identities... [that] articulate alternative hierarchies” leading to a scenario where “there is hardly any unanimity on ranking between jatis” (Gupta, 2004).

These views suggest that present-day disparities between the so-called upper and lower castes are essentially a hangover from the past, mostly lingering effects of historical discrimination, and not a result of active discrimination in the modern segments of the Indian economy which is market-driven and not based on traditional systems of reciprocity and patronage that were hallmarks of the caste economy. This conclusion would be strengthened by the belief that markets have no mechanism, and presumably no interest, in actively perpetuating discrimination based on social identities.

This paper attempts to verify the validity of this view by reviewing the latest national level, macro evidence on the current state of caste disparities

and discrimination in various spheres, and finds that discrimination against formerly untouchable castes (officially, Scheduled Castes, SCs, or Dalits) and marginalized tribal groups (Scheduled Tribes, STs, or Adivasis) is very much a characteristic of the modern, contemporary, globalizing Indian economy. It is not merely seen in rural areas where caste is more easily known, but also in urban areas where caste is, *prima facie*, anonymous. The existence of the presumably antiquated practice of caste discrimination in a modern economy characterized by high growth, fundamental structural changes and rapid integration into the global economy might seem anachronistic at first sight. However, evidence from across the world indicates that discrimination based on social identities is compatible with fully market-driven economies. The evidence leads to the conclusion that caste as an axis of disadvantage is not about to wither away in post-reform India, and the simultaneous existence of discrimination in so many different spheres presents serious challenge to policy makers.

The rest of the paper is organized as follows: Section 8.2 presents the evidence on disparities in outcomes on a variety of indicators, both at the household and individual levels, and conducts a difference-in-differences (D-I-D) analysis across six birth cohorts of the three broad caste groups (SC-ST, Other Backward Classes (OBCs) and Others) such that we can trace intergenerational shifts across the three caste groups to trace patterns of convergence or divergence in each individual indicator. Section 8.3 presents estimates of labor market or wage discrimination. Section 8.4 examines the disparities and discrimination in the self-employment sector. Section 8.5 offers concluding comments.

8.2 Disparities in outcomes

The nature and degree of change in the economic ranking between castes, or broad caste groups, is a matter of empirical verification. The caste system is a system of graded inequalities, with the so-called upper castes conventionally at the top of the socio-economic hierarchy, and the ex-untouchable castes, now clubbed together in the official category of Scheduled Castes, at the bottom.² Researchers have used data from large sample surveys such as the National Sample Survey (NSS), National Family and Health Survey (NFHS) and so forth to analyse relative position of broad caste groups, ST-SCs,³ OBCs and “Others”, the residual group of the non-SC-ST-OBC population (for instance, Deshpande 2007; Iyer et al. 2013; Madheswaran and Attewell 2007; Zacharias and Vakulabharanam 2011). “Others” include the Hindu upper castes and could be considered a loose approximation for the latter, but data constraints do not allow us to isolate the upper castes exclusively. Some papers, such as Hnatkovska et al. (2012) and Deshpande and Sharma (2014) divide the groups into two broad categories – SC-ST and non-SCST.