CHAPTER 1: INTRODUCTION TO DISCRIMINATION
1. **Introduction**

Discrimination is unequal treatment of individuals who have same or comparable worth based on age, gender, race, caste, religion, ethnicity, etc. There are various levels of discrimination which exist in the society. For example: access to education of individuals or groups, treatment of health ailments or the way they are treated in the labour market. Although all types and levels of discrimination are equally concerning and related to each other, we are going to emphasize on ‘labour market discrimination’ in this research. Discrimination in employment and occupation means treating people differently and less favourably because of characteristics that are not related to their merits or the requirements of job. These characteristics include race, colour, sex, religion, political opinion, national extraction and social origin (ILO). Comparison of races and gender in India reveal significant differences in earnings, unemployment rates, and allocation of certain occupations and accumulation of human capital.

1.1 **Types of Labour Market Discrimination**

i. **Wage discrimination:** It means when different wages are paid to people with almost identical productivity and the wage differentials are based on considerations other than productivity.

ii. **Employment discrimination:** When other things being equal, certain group of people are targeted for the ‘last hired first fired’ policy.
iii. **Occupational or Job discrimination:** Even though some people are equally capable of performing certain jobs, they are not allowed to enter the particular job market.

iv. **Human capital discrimination:** Certain part of the population has less access to productivity-increasing opportunities.

It can be visualised that the pre-market investment and decisions significantly impact the post market discrimination. The Human Capital Investment Theory states that when a firm invests in some capital to acquire it, the firm has expectations to enhance its productivity through it. Likewise, investment in Human, in the form of formal schooling or on- job training will enhance the value of human capital in labour market.

### 1.2 Theories of Labour Market Discrimination

The very first pioneer of the theory of discrimination was the book by Professor Gary Becker, in The Economics of Discrimination. The roots of discrimination are diverse and complex. Economics as a discipline can only try to explain through some empirical evidences. The prominent theories of discrimination are:

1. The taste-for-discrimination model
2. Statistical discrimination, and
3. The crowding model
1.3 The taste-for-discrimination model

Becker envisioned discrimination as a preference or “taste” for which the discriminator or employer is willing to pay. He compares it with the theory of international trade, where a nation tries to maximise its domestic produce even at the cost of its productive efficiency. In the same way, Becker says that an employer will forgo its maximum output and profit, to exercise its prejudice or taste. This kind of discrimination can be used to explain racial, gender, ethnicity, age and sexual orientation discrimination.

1.4 Theory of statistical discrimination

Dennis J. Aigner and Glen G. Cain showed that statistical discrimination occurs whenever an individual is judged on the basis of the average characteristics of a group. These judgements are based on the actual facts and evidence and are true in nature. But this decision based on the characteristics of the group may not be true for certain individuals in the group. It can be used to explain gender, job, regional and age discrimination.

1.5 The crowding model: Occupational Segregation

Wages differ substantially by occupation and thus the occupational structure is an important factor in explaining wage differences among workers. It explains why certain group is assigned to certain job or prominently present in some occupation, while others are not. The crowding model uses supply and demand concepts to explore consequences of restricting women and African-Americans to a limited number of occupations.
Discrimination is defined as unfavourable treatment based on prejudice, especially regarding race, age or sex (Constitution of India). The discrimination done in the labour market in the era of liberalization is increasingly becoming an area of research interest. As per the common perception, labour market discrimination is wide spread in India too. It is increasingly noticed that the nature and dynamics of discrimination is a complex process, where multiple positions of people are shaped by a variety of social attributes. The word ‘discrimination’ is used in various categories for describing the difference made between two kinds of work or two categories of people. The Discrimination can be of different degrees and of various types. The nature and dynamics of multi-discrimination take various forms such as gender, class, caste, ethnicity, religion, disability, etc. Thus in India discrimination can be felt among various social groups. Although it is not easy to figure out a relationship between all these variables but it is vital to consider all these variables when we have to deal with discrimination. Discrimination can manifest itself in many or rather all aspects of life. Discrimination is most rampant in those parts of labour market where the employees have no security, either social or job. The workers without any social security or formal agreements are vulnerable and easily fall prey to the ‘hire and fire’ policy of the employers or company. The labour market is broadly divided into workers employed in organized sector and workers employed in unorganized sector. The workers in the organized sector are regular salaried, permanent employees with various social security benefits. The workers employed in the unorganized sector are contract or ad hoc labourers, who have no job or social security benefits. They are the ones who are ‘last hired and first fired’; hence they constitute the most vulnerable part of the labour market. Unorganized sector constitutes more than 92% of the total workforce of Indian economy.
It is not only significant in terms of labour force participation but also because it contributes more than 50% to the Gross Domestic Product of the country. Therefore, it is essential to understand the nature of unorganized market and establish if discrimination is prevalent there.

1.6 Unorganized Sector

“The Indian economy has a dominance of unorganized sector both in terms of number of enterprises and workers. The terms ‘Informal’ and ‘Unorganized’ are often used interchangeably. The informal sector may be broadly characterized as consisting of units engaged in the production of goods or services with the primary objective of generating employment and income to the persons concerned (15 ICLS, ILO, 1993). In India, this is defined as all unincorporated private enterprises owned by individuals or households engaged in the sale and production of goods and services operated on a proprietary or partnership basis and with less than 10 total workers (NCEUS). Thus, the definition of unorganized labour force is that the Unorganized workers consist of those working in the unorganized enterprises or households excluding regular workers with the social security benefits and the workers in the formal sector without any employment or social security benefit provided by the employers” (NCEUS 2007).

“The Government of India regards the informal sector as a subset of the unorganized sector (Informal sector in India, 1999-2000, GOI). Whereas the two categories may or may not overlap exactly as per ILO definition, both formal and informal employment can exist in both formal and informal sectors. Almost one-third of the jobs performed in the public sector are of informal nature. These jobs could be contracted jobs outsourced jobs, where a person reports to investigators as being employed in the public sector, though
may not have regular job in the public sector. Such informal jobs in public sector are found to rise from 29.5% in 1999-2000 to 33.6% in 2004-05” (NSC report 2012) (Kolli and Sinharay 2011).

“Indian economy has preponderance of informal and unorganised sector both in terms of number of workers and enterprises. This segment of economy has inbuilt vulnerabilities, and the study of unorganised sector based on reliable data is important for informed decision making and addressing the problems faced (National Statistical Commission 2012). Unorganised workers are present both in organized as well as unorganized sector (NSC 2012). The total estimate of unorganized labour in formal sector is 46.2% and 99.6% in the informal sector, which together constitute about 92.3% of total labour force” (Kolli- Sinharay 2011). As the major part of the work force is engaged in the unorganized labour market, its study is important.

In this research work, an attempt is being made to find out the worst situations where labourers face discrimination. Several studies and research have been conducted on labour market discrimination and its various aspects. This study tests certain pre-established facts in a new environment with a new data set and finds out whether discrimination and its aspects are prevalent in the unorganized labour market of Rajasthan, a geographical area where no significant research on the subject has been done so far. Labour market discrimination is a topic which needs to be dealt in detail and with due importance to all its aspects.
**Estimated no of Informal / Formal Sector Workers in 2004-05 (in millions)**

<table>
<thead>
<tr>
<th>Category of Workers</th>
<th>Informal Sector</th>
<th>Formal Sector</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Informal Workers</td>
<td>391.73(99.6)</td>
<td>28.91(46.2)</td>
<td>420.67(92.3)</td>
</tr>
<tr>
<td>Formal Workers</td>
<td>1.42(0.4)</td>
<td>33.65(53.8)</td>
<td>35.03(7.7)</td>
</tr>
<tr>
<td>Total</td>
<td>393.15(100.0)</td>
<td>62.56(100)</td>
<td>455.7(100)</td>
</tr>
</tbody>
</table>

*Figure 1 Total Number of workers in Formal and Informal Sector in India (NCEUS, 2007)*

Distribution of the Labour Force Organised-Unorganised- INDIA (in millions)

Figure 2 (NSSO, 2009-10)

Distribution of Working & Non-Working Population Rural-Urban in INDIA (Persons)
1.7. Introduction about Rajasthan

Since the study concentrates on Rajasthan’s labour market, a closer look at the economic and labour market features of the state is necessary.

“The state of Rajasthan is long associated with royalty, kings, palaces and its colourful culture. Rajasthan came to its present form after the merger of 19 princely states in 1949. Later in 1956, the princely state of Ajmer was also incorporated. The main geographic features of the state of Rajasthan are the Thar Desert and the Aravalli Range, which runs almost the length of the state from southwest to northeast for over 850 kilometres.

‘Rajasthani’ is the main language of the state, although Hindi and English are also used for official purposes. Rajasthan's economy is primarily agricultural and pastoral based. Wheat and barley are cultivated over large areas, as are pulses, sugarcane, and oilseeds. Cotton and tobacco are the state's cash crops. Rajasthan is among the largest producers of edible oils in India and the second largest producer of oilseeds as well. Rajasthan is also the biggest wool-producing state in India and the main opium producer and...
consumer. There are mainly two crop seasons. The main industries are mineral based, agriculture based and textiles. Rajasthan is the second largest producer of polyester fibre in India. The Pali and Bhilwara districts produce more cloth than Bhiwandi in Maharashtra while Bhilwara is the largest city in suitings production and export. Pali is the largest city in cotton, polyester and rubia production and export”. If the agro-climatic and social point of view is considered, then the state can be divided loosely four zones:

i. The West (constituting of the districts of Jaisalmer, Barmer, Bikaner, Jalore, Jodhpur, Nagaur and Pali) which lies in the heart of Thar Desert, is arid, sparsely populated and vast. People here are dependent on one-millet crop, livestock, handicrafts, and extensive out-migration for physical labour for their livelihood. This area is supposed to be extremely orthodox, with rigid and rather unequally defined caste and gender relations.

ii. The North (Churu, Sikar, Jhunjhunu, Ganganagar and Hanumangarh), located at the edge of the Thar and is arid to semi-arid. Since some parts have ground water, the merchants have successfully flourished here and travelled out. This has brought a liberal and more socially equal environment among the population.

iii. The East/North-East/South-East region (Ajmer, Alwar, Bharatpur, Dholpur, Jaipur, Dausa, Sawaimadhopur, Kota, Jhalawar, Bundi, Baran and Tonk) is less arid. Many parts of the area have benefitted from the Green Revolution and have ground water or surface water for cultivation. Since major parts of this area are close to Delhi and the Western Railway, it has seen major industrialization. In its social context, this is the most liberal and multi-cultural area of Rajasthan. Therefore, one can find better sex ratios and large number of women in the labour force. (Human Development Report Rajasthan 2008) This state has traditionally
been very low on the Human Development Index for decades. One of the redeeming features of the state’s economy is its healthy economic growth since 1980. “The growth in real GSDP is among the highest in large Indian states during 1980-97. The long term trend rate of growth during 1980-2006 is estimated at little below 6%, putting Rajasthan among the best performing states in India (Human Development Report 2008). The total literacy rate has increased from 60.4% in 2001 to 66.1% in 2011. The literacy among males increased from 75.7% in 2001 to 79.2% in 2011 whereas the literacy rate among females was 53.1% in 2011, increasing considerably from 43.9% in 2001” (Census 2011).

**Literacy Rate by sex and gender gap in Literacy Rates, Rajasthan: 1971-2011**

![Graph showing literacy rates](image)

*Figure 4 (Rajasthan Census, 2011)*

### 1.8. Rajasthan and its Workforce

The working population of the State is 280 lakhs and growing at the rate of 2.2% annually, which means that there is a net addition of 6 lakh persons in the workforce every year. Although two-third of the population is engaged in agriculture, their share in the State Domestic Product is 30%. The non-farm occupations employ one-third of the workforce with 70% share in the State Domestic Product. While the share of agriculture
has declined rapidly over time, the workforce in agriculture has shown only a marginal decline of 9% between 1950 and 2011. (The Department of Labour, 2012-17). The Directorate of Employment (Rajasthan) admits that the increase in employment opportunities is much less than the increase in unemployment rate in the state, thus creating an employment backlog. Only a small portion of the unemployed force can be absorbed in the organized sector. At this point in time the government admits that the only solution to this employment backlog is the creation of immense opportunities in the unorganized sector.

RAJASTHAN (In Persons)

![Figure 5](Rajasthan Census, 2011)
The total population of Rajasthan in number of persons is 68,548,437 among which 29,886,255 persons form part of the working population and 38,662,182 form the non-working population. Below is the rural-urban work participation rate:

![Diagram showing work participation rates](image)

The sector-wise current and future employment growth opportunities in Rajasthan are shown below:

<table>
<thead>
<tr>
<th>Serial No.</th>
<th>Key Sectors</th>
<th>Current Employment in 2007 (in ‘000)</th>
<th>Total Employment by 2015 (in ‘000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Construction</td>
<td>500</td>
<td>3188</td>
</tr>
<tr>
<td>2</td>
<td>Textile</td>
<td>860</td>
<td>1698</td>
</tr>
<tr>
<td>3</td>
<td>Healthcare</td>
<td>142</td>
<td>473</td>
</tr>
<tr>
<td>4</td>
<td>Tourism and Hospitality</td>
<td>170</td>
<td>400</td>
</tr>
<tr>
<td>5</td>
<td>Food Processing</td>
<td>22</td>
<td>254</td>
</tr>
<tr>
<td>6</td>
<td>Auto Mechanics</td>
<td>75</td>
<td>280</td>
</tr>
<tr>
<td>7</td>
<td>Gems &amp; Jewellery</td>
<td>50</td>
<td>188</td>
</tr>
<tr>
<td>8</td>
<td>Handicrafts</td>
<td>700</td>
<td>837</td>
</tr>
</tbody>
</table>
Table 1: Mapping of Human Resources and Skill for Rajasthan-2015

<table>
<thead>
<tr>
<th></th>
<th>Auto &amp; Engineering</th>
<th>37</th>
<th>129</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Banking and Financial Services</td>
<td>76</td>
<td>151</td>
</tr>
<tr>
<td>11</td>
<td>IT &amp;ICT</td>
<td>6</td>
<td>48</td>
</tr>
<tr>
<td>12</td>
<td>Mines &amp; Minerals</td>
<td>460</td>
<td>499</td>
</tr>
<tr>
<td>13</td>
<td>Retail</td>
<td>144</td>
<td>178</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>3242</td>
<td>8323</td>
</tr>
</tbody>
</table>

Source: Planning Commission Report, Rajasthan (The Department of Labour, 2012-17)

Table 1 above indicates that the highest number of workers will be employed in the construction sector and the lowest in IT and ICT sector.

The nature of work in the informal sector varies not only between rural and urban areas but within urban areas as well. In rural areas, the workforce comprises of landless labourers, small and marginal farmers, shopkeepers, home-based workers and people involved in animal husbandry, fishing, horticulture, bee-keeping, rural artisans and likewise. In urban areas, a large majority of the labour force is of manual workers in construction, transportation, telecom, artisans, street vendors, shopkeepers, hawkers, coolies and domestic workers.

Thus, a detailed bifurcation of the labour force becomes very important for studying labour market discrimination further. Since various sources of data collected by the Government of India showed a significant increase in the percentage of ‘unorganised sector’ and ‘unorganised workers’ as a whole, it became very important for it to define what exactly constituted the informal sector and start measuring its data. The latest rounds of National Sample Survey have emphasized upon the inclusion of the same. The
informal sector and its workers have a vital role to play in a country where more than 50% of the GDP is contributed by them. Recently, a lot of standardization of definitions and statistics has been undertaken by NCEUS to show the importance of the informal sector and its contribution.

The caste system prevalent in India is one of the major factors in determining the type of jobs offered to people. Society in Rajasthan has traditionally been organized on clearly defined caste lines; caste has been one of the dominant factors in labour recruitment. An empirical research conducted on 60% villages of Rajasthan to measure the impact of mid-day meal programmes concluded that people belonging to Dalit communities were not being hired to cook meals in schools (Thorat 2008). The labour mandis of Rajasthan have developed at a fast rate in recent times. Some areas of Rajasthan have seen a significant influx of migrant population in the last few years. Therefore, a study focussing on regional discrimination with respect to employment opportunities is important here.

Child labour is rampant in Rajasthan and the government should take the figure of more than five lakh children dropouts every year very seriously and take strict measures for eliminating child labour. Dr. Dube (2012) points out that many schools in Rajasthan do not follow the rule of 25% reserved seats for disabled children and that most of the children belonging to Scheduled Tribes in southern Rajasthan are sent to work in the BT cotton fields of Gujarat. Children, most of them migrants from Uttar Pradesh, Bihar, Jharkhand and Chattisgarh, form 10% of the total labourers working in the brick kilns of Bhilwara (National Commission for Protection of Child Rights NCPCR 2013). Research studies done on some parts of Rajasthan indicate that the main basis of discrimination in the casual labour market is gender; males get 105 days of work whereas females get only
75 days on average (Dhar 2013). Another startling statistic is that only 3% of Dalits in Rajasthan own agricultural land (Dhar 2013).

Gender discrimination is rampant and may seem to start right from birth with girl children bearing names such as ‘mafi’ (sorry) or ‘dhapu’ (enough) which signify sadness or unhappiness over the birth of the girl child (Vikalp Sansthan Report 2012-2013).

A report sent to the Central Government of India by the Joint Secretary of the Human Resource Development Ministry in 2012 said that ‘caste’ and ‘gender’ discrimination continue to be rampant in Rajasthan; this was found out through a survey done on the mid-day meal programme in the state.

This research attempts to highlight the conditions of the labour market and the discrimination which the labourers are facing. The research done on this topic may help understand the problems and basis of discrimination in the labour market of Rajasthan. This research would also offer insights for policy making.

### 1.9 Objectives Of The Study

The primary objective of the study is to investigate whether any discrimination exists in the unorganized labour market of Rajasthan. Hypotheses related to labour market discrimination would be tested with the following objectives -

1. To understand the size and structure of labour market in Rajasthan
2. To know the types of discrimination that exists in the labour market of Rajasthan
3. To know the causes of discrimination in the labour market in Rajasthan

### 1.10. Aim Of The Study
The aim of the study is to understand the types of discrimination practiced in Rajasthan’s unorganized labour market. Since Rajasthan’s economy is a developing one and many labourers immigrate from neighbouring states, it becomes important to have a closer look at the unorganized labour market it is comparatively larger than the organized one. The prime concern of this study is to determine if there is discrimination and if so, analyse its types.

CHAPTER 2: REVIEW OF LITERATURE