CHAPTER TWO

LABOUR MARKET AND CASTE INTERLINKAGES

The Indian Economy since July 1991 is witnessing a series of reforms, encompassing all major sectors of the economy. National priorities are now being worked out in terms of international market calculations. It hardly needs to be emphasized that all categories of economic functionaries engaged in production and service sector have to adjust to the changing 'technology-intensive', production, labour management and marketing requirements, dictated partly by compulsions of internal competitions and partly by international commercial pressures. Production and marketing management now needs new visions, initiatives and networking.

The days of protected domestic market are over and with that, quality consciousness and price competitiveness have become prime considerations for staying on in the market. It goes without saying that for coping with new production pattern, the quality of 'workforce' has come to acquire major significance. In other words, the employment market has to substantially reorient itself to new and more stringent recruitment standards and even those seeking self employment themselves, have to update knowledge of production trade and market networking which are inescapable prerequisites as
are higher education, training and skill accomplishments. Never before has the Indian economy faced such labour market challenges as during the 1990s which are bound to be exacerbated in the future due to growing importance of labour market and growth of the service sector.

With the opening of the domestic economy to foreign trade and technical know-how on one hand and reforming the domestic policy regime on the other make a decisive impact in specified sectors and activities, which in turn would make its impact on employment, in nearly all sectors. While in some sectors or activities, technology on the ground has to be simplified, in terms of the conventional parameters, such as new inputs, marketing methods and products, in others, it is the newer God of information technology, that does the trick. The job seekers who can effectively grapple with the ticklish requirements of the new technologies can no more be a lot of uneducated, unskilled or untrained workers. The quality of 'manpower' emerges as the most significant determinant of its effective participation in global trade, financial flows and investment opportunities. Human resource development policies adopted over years determine the quality of manpower.

The Indian economy has survived a full decade of the new policy regimes, the precise effect of the reforms, implemented so far, in various segments of the Indian economy need assessment with
empirical firmness to plot their pace and pattern of the recent years specially keeping the socially disadvantaged groups in mind.

2.1. CASTE: ITS EMERGENCE IN INDIA

Caste system divides the whole society into a large number of hereditary groups, distinguished from one another and connected together by three characteristics: 'separation' in matters of marriage, and contract, 'division of labour', each group having in theory or by tradition, a profession from which their members can depart only within certain limits and finally 'hierarchy', which ranks the groups as relatively superior or inferior to one another.

The 1824 supplement of the Encyclopedia Britannica contains an article entitled 'caste' by James Mill where the institution is presented as having been fairly widespread in antiquity (Egypt, Greece, Iran). It is bound up both with the history of the 'division of labour' and with conscious intervention. The transition from a pastoral to an agricultural life, entailed a decisive, division of labour. Max Muller, in his theory admits that it is essentially a question of a particular form of distinction relating to birth, social situation and degree of education.

In the twentieth century, Max Muller's and de Nobili's idea is found again more and less unchanged in the work of the sociologist Max Welder, for whom caste is a particular kind of status group or
estate, in the sense of the three estates of the Ancient Regime. In France, similar, though even more vague is the very widespread idea that caste is a limiting case of social class in the modern sense of the term. Thus for Kroeber, the American anthropologist, the caste is a class which is conscious of itself as distinct and which has closed itself in upon itself. Two points should be noticed to the extent that social class tends to be defined by economic characteristics, an economic grouping is here confused with a status group; further, consciousness is reduced to an epiphenomenon. This is the theory of 'social stratification which conflated all social distinctions stamped with inequality, and is in this sense sociocentric'. There is another point of contact between caste society and modern society which allows a continuity to be set up between the two. This is the division of labour or professional specialization, as seen in the technical labour market under the study.

2.2. CASTE: THEORIES OF EVOLUTIONS

There are three types of theories which explain the existence of caste. The Indo-European or Dravadian theory, the racial theory, and finally the diffusionist theory. The Indo-European theory (Senart 1896) begins with a precise description of the contemporary state of affairs in order to go back into the past. Inspite of all exclusivity of caste, he saw its prototype in an Indo-European pin grouping corresponding to the Romans.
The racial theory, which is the most widespread derives the institution of castes from the encounter between the two populations: the invaders sought to preserve the purity of their blood by the creation of closed groups. This explanation appears almost obvious to the modern mentality, for which it is precisely the notion of race that corresponds to the notion of caste, however great the difference may be in reality. The result is the use of arguments by analogy with supposedly similar modern institutions. Thus once again, the benefit of an apparent continuity with modern phenomenon is very evident.

The third type of explanation which derives from a form of cultural history which has enjoyed a certain vogue in anthropology is 'diffusionism'. Such an explanation consists of tracing the history of the phenomenon to a unique origin in terms of its geographical distribution (Hocurt).

2.3. CASTE IN THE MODERN PERIOD

The contemporary period is characterized by the predominance of field studies, of observation of restricted groups by professional anthropologists. The studies are of varying size and importance. Two concepts proposed by Professor Srinivas, the dominant caste and 'sanskritization' have become very popular. The widespread fashion in this period is also the theory of 'social stratification'. Doubtless it represents an advance to the extent that it stresses differences of
rank, but it also blocks all understanding of hierarchy and at the same time tends to ignore or exclude the other aspects of caste (division of labour etc.). The question to take an overall view on identifying the caste as the 'real group' as a substance or an individual still remains. Thus to consider 'caste' as a more or less indefinable attribute of certain groups (Encyclopedia Britannica) offer a subtle solution. But what is to be understood by 'system' of caste. The word assumes two different senses, an empirical sense and an ideological one. The is a good reason for thinking that in the past the caste system in fact existed in the form of concrete wholes spatially juxtaposed. In this sense one can say that the caste system is a pan-Indian institution. At this level, the caste system is above all a system of ideas and values, a formal, comprehensible, rational system.

The caste system comprises the specialization and interdependence of the constituent groups. Specialization entails separation between these groups, but it is oriented towards the needs of the whole. In contemporary time we see the same system as under professional education (specialization) interdependence of various horizontal and vertical segments of the market keeping in mind the whole which is the economy of the nation. This relationship to the whole, links division of labour (vertical) with hierarchy (horizontal).

At the same time it also sharply distinguishes the Indian form of the social division of labour from the modern economic form, which
is oriented towards individual profit and in which, the market is left to regulate the whole, at least in theory.

Caste and profession are so much intertwined that most of the names and eponyms are derived from the occupation of the caste e.g. Rajput (sons of kings) among the seven types of caste given by Risley functional or occupational type is the most widespread.

2.4. CASTE MUTATION: CONSTITUTIONAL SAFEGUARDS

Case is an exclusive form of social stratification prevalent in India.

If there is one institution that sets India apart from the rest of world, it is caste. This caste society is not homogenous in which whatever distinctions of social status may exist, they are so much in the background that a special inquiry has to be made in order to realize their presence. Castes are groups with a well developed life of their own, the membership whereof, unlike that of voluntary associations and of classes, is determined not by selection but by birth.

It is important to distinguish between the inequalities due to occupation, education and income from those due to caste and gender. The two types of inequalities are no doubt intertwined in their operation, but they are different in their origin and in their legal and moral bases. One's caste and one's gender are unalterable, but
where they are the main bases of inequality the scope for change in social position is severely restricted. The first ever special programmes for the welfare and upliftment of the depressed and deprived classes of Indian society were initiated by the Madras Government in 1885 when it formulated the grant-in-aid code. The code was meant to regulate financial assistance to educational institutions providing special facilities for students from the depressed classes. In 1928, for the first time, the backward classes and depressed aboriginal tribes were identified for special facilities for education and reservation.

Reservations in India began prior to independence in the state of Tamil Nadu in 1931 and then spread gradually to many other states. The constitution of India, through its articles 15.4 and 16.4, state the intention to uplift the scheduled castes, the scheduled tribes and the backward classes. In response, the reservations were addressed at the national level for the first time in the year 1953, with the recommendations of the first backward class commission (29th January 1953, 30th March 1955) appointed under article 340 of the constitution. The commission focused on (i) the low social position in the traditional hindu caste structure (ii) the lack of general educational advancement among the major section of the depressed caste (iii) inadequate or no representation in government service (iv) inadequate representation in the fields of trade, commerce and industry.
So article 15 and 16 of the Indian constitution, while allowing the equality of opportunity for all citizens of Indian irrespective of class, caste, creed and sex, also make special provisions for the weaker sections of society in particular the SCs and STs. That is the state intervenes to create equality for the unequal. This according to Beteille (1983) is reconciliation between the two principles of merit and concessionary entry in the interest of distributive justice. The idea behind compensatory principle is that society must intervene in order to ensure that the competition is fair and not just free.

2.5. CASTE: APPROACH TO EQUALITY

If there is anything distinctive, about Indian approach to equality it is its continuous oscillation between the utopian and the fatalistic modes. The utopian\(^1\) mode is most evident in public presentations like workshops, seminars and conferences important social issues figure prominently.

The opposite or fatalistic mode\(^2\) is characteristically expressed in private. There people are inclined to lament that nothing changes in India, or if anything changes, it is for the worst. They point to the capitalist class, the bureaucracy, the elites and now of course the multinationals as the irremovable obstacles to the advance of equality.

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\(^1\) Utopian means ardent by unpractical reforms, the Concise Oxford Dictionary.

\(^2\) While fatalism believes that all events all predetermined by arbitrary decree, the Concise Oxford Dictionary.
It is not as if the utopian and the fatalistic orientations that are characteristics of two distinct and separate set of people, they co-exist, like the two sides of a coin, in one and the same person. The combined operation of the utopian and fatalistic attitudes distort our understanding of what is happening around and obstructs the view of possibilities. Some forms of inequalities are undoubtedly in decline while other forms of it are probably on the rise. Drawing from this India definitely is a large, complex and changing society.

The inequalities due to caste and gender are on the decline and since the last fifty years. The ritual idiom of purity and pollution through which they are expressed has weakened. New inequalities have arisen and extended their scope in Indian society. The most important among those are the ones based on occupation and education. A new occupational system, quite different from anything that existed before the 19th century, has emerged in India. It is the basis of the modern Indian middle class as well as the organized working class. Along with the new occupational system there has emerged a new system of formal education. The educational system provides the credentials for entry into the new middle class including the higher levels of the occupational system through education.

Modern economic systems are characterised by a plethora of occupations. A major line of distinction is between manual and non-manual occupations. Manual occupations are divided into skilled,
The non-manual occupations are legion, ranging from lowly clerical and other subordinate ones to superior professional, technical, managerial and administrative ones. Thus modern occupations are not only highly differentiated, they are also 'elaborately ranked'. Occupational ranking is correlated, though not in any simple or straightforward way, with educational attainment and qualifications.

Inequalities due to income, education and occupation cannot be eliminated but they can be regulated. Regulating the inequalities of income may be difficult, but it is not beyond the reach of policy. Similarly a great deal can be done to expand educational opportunities, although, it will be difficult to provide education of the same quality to all members of society and impossible to ensure that they all achieve equal success in their educational careers. Again, while no social policy can eliminate the social ranking of occupations, it should be possible to provide a minimum of security and dignity to all positions, including the lowliest, within the occupational system. The formulation of effective policies for regulation of inequality is obstructed by the rhetoric that all equalities are dispensable and should be ended.

'Job-led economic growth' requires concurrent attention to technology and public policy. Unfortunately unidimensional teaching and thinking prevail in many of our academic institutions, with the
result that reaching the unreached selection receives priority in terms of technology development and dissemination of technology. This has been and still is a dominant factor in widening the rich poor divide. By enlisting technology as an ally in the movement for economic, caste subaltern and gender equity, the academia can make significant contributions.

 Preferential policies came up when it was recognized that liberty and equality do not necessarily mean the establishment of fraternity. If the triumvirate (policy, liberty and equality) are to go together, there needs to be a self-conscious designing of political interventions so that those who have been historically underprivileged can get a fair chance to compete as equals. Obviously, such a programme recognizes unequal starting conditions for politically equal citizens, which the forces of the market are generally oblivious to. Therefore, while such preferential policies do not disband the market, except in extreme “socialist conditions” the attempt is to restrain the market in certain spheres so that eventually there can be a greater and wholesome participation at all levels.

2.6. CASTE: A DEVELOPED-COUNTRY VIEW

The introduction of preferential policies to uplift the historically underprivileged came about for different countries. In America, it was a combination of factors that brought it about. The growing civil
rights movement, the democratic polity's striving for a political niche, and the ideological need that America felt to stand out as the leader of the free world in the cold war era together led to the establishment of Affirmative Action. Preferential policy in Canada had a different trajectory and inspirational source. The divide between Quebec and the rest of Canada prompted the politics of multi culturism around which provision for equal rights and minority representation found their ideological rationale.

In the Indian case, we have no alternative but to position quotas in the context of the national movement. As the British authorities attempted to divide Indians along caste, religious and linguistic lines, it became all the more important for the protagonists of the national movement to rise above such fissures, present a united front, and not to let community spokespeople be persuaded by colonial designs.

2.7. CASTE: ITS POLITICAL ECONOMY

The study of the relation between caste and the economy has not received much attention. In the complex political economy of modern India, caste continues to provide a support base for members. The articulation of kin, caste and patron client ties are crucial to spatial and social mobility. In the words of Professor Panini, "...............the membership of a caste implies that a person becomes part of a person-based social network which controls insiders'
information about economic opportunities, transmits skills and provides varied types of human and material support". This particular role of caste has been steadily gaining importance in the last one fifty years or more, with new economic opportunities becoming available in India and abroad.

2.8. CASTE: GROWTH AND TENACITY

In the context of developments in the country since independence, the regime of economic control (intrinsic to socialism and centralized planning) has contributed to the strengthening of caste ties by encouraging, albeit indirectly, the growth of unorganized sector. Socialism, central planning, a vast public section both at the Center and in the States, a state-controlled educational system etc. have facilitated the pursuit of an employment policy in which political considerations have played an important part, with efficiency becoming a secondary issue if not a casualty. It is contended here that the caste system has considerably influenced the rate and trajectory of economic growth, which in turn has created favourable conditions for the politics. It caste based reservation and a shift of economic policy favouring liberalization on the other. Caste continues to be a salient category in the social infrastructure of the economy.

In analyzing the problem of employment discrimination, internal labour markets play a central role. They do so by selecting workers at the 'ports of entry' and by conferring privileges upon the
industrial labour force. Discrimination arises because of the job security and advancement opportunities which exist for the internal work force and because it provides the economy for developing and retaining a trained workforce, which the internal market provides to employers. Discrimination in this sense has a clear economic and social rationale for both employers and workers and may have caste implications.

2.9. **OCCUPATION: CASTE CALCULUS**

Caste discrimination, however, does occur through the rules which define internal labour markets and govern their operation. Sometimes the discrimination is an incidental by-product of distinction made for other purposes – for example, when educational requirements which excludes more scheduled than non-scheduled workers are used as a ‘screening device’, or when employers from a particular caste recruit workers exclusively from their caste. Caste is a significant consideration in decisions affecting ‘entry’, ‘internal allocations’, and ‘ages’. Prior to independence it was an explicit determinant in hiring and promotional patterns. The phenomenon of caste clustering under the impact of industrialization has been documented for the colonial period as well. (Joshi 1981:18231838), writing about recruitment in Kanpur’s textile mills during 1920s and 1930s notes that workers from a particular caste dominated in a particular textile mills, and often in particular departments of these mills, thus if Brahmans were conspicuous in one mill, in another it
would be the Koeris or the Chamars. Historical studies of Calcutta’s Jute mills (Chakrabarty 1989:9) and of Bombay’s textile mills (Newman 1981:51) also highlight the process of ‘caste clustering’.

One clue to the phenomenon, however is provided by Amiya Bagchi (1975), who has highlighted the imperfections in the labour market. He is of the view that the demand for labour did not create its own supply. The factory owners had to use ‘jobbers’\(^3\), who articulated their caste, kinship and village links to persuade workers to migrate to distant town and cities. The line of argument regards the institution of the jobber as pivotal in structuring the labour force and labour management relations.

After independence, the institution of the jobber gradually disappeared in the organized sector. In the organized private sector employers prefer to recruit workers ‘known’ to them or to responsible persons in the firm. The idea is that workers selected through personal contacts can be more effectively controlled. Personal contract that all the articulated also include caste and kinship ties (Holmstrom 1985).

In the case of entrepreneurship as well, evidence suggests the active use of caste and kinship networks. The marwari diaspora across the subcontinent is accounted for by the institution of bhasa (community hostels) that marwari businessmen established (Timberg 1974). Industrial entrepreneurs too find that caste and kinship ties

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\(^3\) Jobber: One who terms official actions to private advantage, used as broker of jobs.
are useful in promoting their economic interests and in expanding their industrial base.

The instance mentioned above serve to highlight one important feature of caste. Membership of a caste makes a person part of a person-based social network which controls insider’s information about economic opportunities, transmits skills and provides varied types of human and material support. Hence the social network of a caste itself becomes an important social resource for its members. Further it is argued that a person who becomes privy to knowledge of a certain economic opportunity or for a person who gains access to a new economic opportunity retain such advantages largely for the benefit of members of his kin and caste network. The above mentioned feature of caste can be analytically distinguished from the in-built differential advantages conferred on certain castes in competitive selections where universalistic norms prevail. It may seem that this feature of the caste system confers only certain initial advantages to members of certain castes in a context which stresses achievement orientation and competition, but in reality it is mixed with the ‘particularizing’ role of caste to such an extent that it makes a mockery of achievement itself. This feature of the caste system is poignantly brought out in the mandal commission report when it refers to the unfair advantages enjoyed by an urban high caste boy in qualifying for a career in the bureaucracy. (Government of India 1980: 23). Implicit in this strategy of development was the hope that
modern industrialization would transform India into a "casteless and classless society", a goal which inspired the freedom struggle. It was envisaged that with development,ascriptive values would graciously give way to values stressing achievement in a vibrant modern society espousing universalistic ideals.

2.10. EMERGENCE OF THE STUDY

It has become difficult to discuss the question of efficiency and merit vis-à-vis reservation dispassionately. Even well-meaning social scientists become passionate when discussing this issue. In effect they repeat the debate on the relative influence of heredity versus environment on intelligence, which was settled in favour of environment long ago. This does not however, mean that prejudices do not exist at the popular level. Thus this study has been undertaken to generate more empirical evidence on the long term consequences of caste factors in admission and entry in the labour market of fresh technical graduates.