Chapter: 3

Application of Social Exclusion Framework to Economics of Indian Caste System

3.1 Introduction

In the previous chapter, the concept of social exclusion, typologies and indicators in the Indian context are examined. The theoretical application of the concept in the Indian context, where exclusion does not depend on the individual attributes but significantly attached to the social factors that are attributed to individuals, will further improve our understanding of the social exclusion. Thus, the purpose of this chapter is to examine how economic interpretation of caste system and its consequences are applied especially in the Indian context on the basis of writings of Sukhadeo Thorat on the same. This chapter is divided into six sections. In the second section, we discuss the economic interpretation of caste system and economic theories of caste. In section three, major features of the caste system are discussed following dynamics of caste system in section four. In section five, we discuss the consequences of the caste system and finally we summarize this chapter in section six.

3.2 Economic Interpretation of Caste System and Economic Theories of Caste

In India, a regulatory framework of governance is exist through the caste system, a social organisation of Hindu, which sometimes works visibly and many a times works invisibly. It laid down the regulatory framework of its governance to govern the material life of people in the past in a particular way and continues to exert an influence in the present, if not in its original forms but in its modified forms, given the overwhelming influence of the caste system impacted by economic life of people (Thorat, 2005).

Thorat makes a clear remark that the caste framework has a distinct impact on the material life of Hindus and distributive effect on different groups within Hindu fold. He says that caste formed the framework for the material life of Hindus, insofar as it laid down the contours for regulation as a system of production organization and a schema for distribution of capital assets and income. The caste system has not only social dimension, but also has economic and therefore, it is necessary to provide an economic interpretation of the caste system to unfold Thorat bridges this gap through theoretical contribution to understand the economic logic of the caste system. Thorat attempt to theorize caste system falls into three broad identifiable approaches, which try to
understand its governing economic principles, consequences on economic growth and income distribution, and solutions to overcome its adverse consequences. These approaches are:

(a) Mainstream neo-classical approach;
(b) Marxian approach; and
(c) Dr. Ambedkar’s perspective on the economic interpretation of the caste system

These three major approaches are discussed below:

a. **Neo-classical Perspective:**

A limited number of economists have attempted a theoretical construct of the Indian caste system in the neo-classical framework. Among them, the treatment by Akerlof (1976) appears to be seminal, because most of the later attempts in modern theoretical literature on which later attempts are based on Akerlof’s work on caste. All of them, however, recognized a few identical economic features of the caste system, although, there are differences among them on some counts. Most of them, if not all, recognize that the caste system involves the division of people into exclusive social groups called caste, separated and isolated through the institution of endogamy (marriage and social relations within the respective caste). The caste system also involves allocation of economic rights between the castes. However, the allocation and entitlement of property rights among the castes is unequal and hierarchical. The neo-classical approach, therefore, recognizes that economic rights or occupations of each caste are fixed, compulsory, hereditary, and hierarchical. Most of them also recognize that various social ostracism measures, in terms of social and economic sanctions and penalties, serve as most severe and powerful factors for the survival and perpetuity of the system.

Thorat further extends this theoretical understanding to analyse the implications of caste to economic efficiency and income distribution. The neo-classical approach worked on the premise that occupations under the caste system are hereditary, compulsory, and endogenous. In their view, these features, in combination, together they lead to the immobility of labour across castes and bring segmentation in labour markets; the important consequence of which is the lack of competition. The allocation of labour is, thus, less than optimal and therefore inefficient. Therefore, economic outcomes in the caste system are less than those posited by the Pareto-efficiency optimum. Exclusion and discrimination are mechanisms through which segmentation of labour and other factors is operated. Discrimination exists, not despite, but rather because of lack of economic
incentives. In this situation, since the division of labour and occupations is unequal; the result is an income distribution skewed along caste lines.

According to Thorat, beyond this recognition, the neo-classical approach does not enter into the analysis of income distribution and poverty associated with the operation of the caste system. Deepak Lal, in fact, in an apologetic tone, provides a reason for ignoring the analysis of the caste system in terms of equity income distribution and consideration in a disclaimant’s tone, he writes “much of modern abhorrence of the caste system is due to the legitimate dislike, of the system of economic and social inequality, it perpetuates. In Thorat’s view the argument......might be construed as an apologetic for these inequalities. But, as Dumont has stressed, this is to judge this system by an ethic, which is completely alien to its spirit” (Thorat and Deshpande, 2001).

b. Marxian Perspective

The Marxian approach towards institutions shifts the focus from the efficiency aspect to the distributive aspect, insofar, as it traces the primacy of caste-based inequalities in unequal entitlement of property rights. In the Marxian framework, economic structure of a given society is the basis on which legal, political, social, and religious superstructures are erected. The economic structure of the society is considered to be the foundation for all institutions. Although, the focus is on the dialectical relationship between the changes in the forces of production (means of production and technology) on the one hand and the relations of production (institutions) on the other; it is the former that is supposed to provide a more potent and dynamic source of institutional change. It is emphasized that though the changes in institutions are incumbent upon considerations of surplus appropriation by property owning classes.

Thorat said, Marxian economic literature on the caste system attributes the existence of caste-based exploitative relations to economic forces. The survival of caste-based economic relations is, often, attributed to (or treated as) a remnant of the feudal or semi-feudal mode of production falling in the domain of extra-economic power of the feudal lords and probably to be dispensed within the next progressive mode of production. There has been a general trend to avoid the micro-economic analyses (or rationale) of the formation of this institution in the first place and also to avoid the explanation for the changing nature, adoption, and survival of caste-based economic relations. The lack of micro-economic analysis under Marxian approach has limited our capacity to understand the dynamics of the institution of caste under a mode other than feudal; - the capitalistic mode of production and the economic regime, which operates directly or indirectly.
under the control of the state. But, more importantly, the presumptions of one-way causal relation has created limited understanding about the interaction between economic structures and superstructure in terms of social and religious ideologies. It is intriguing to note as to how the social and religious ideologies influence the economic structures and at times preponderate in determining their forms. This issue has not been sufficiently explored and understood. These are, in fact, the lacunae or issues on which Ambedkar focused his attention (Thorat and Deshpande 2001).

c. Dr. Ambedkar’s Approach

Thorat two major arguments regarding what Ambedkar shared a common views with the Marxist approach. One, the class exploitation was a material base and an integral part of production relations; and two, kinship system of which caste is a particularly rigid example, are not only and ideological reflections thrown up in the superstructure, but who are the units of relations of production themselves. This makes it an extremely stubborn social institution, which even after its economic base has been destroyed; the process may continue to persist in institutions and social consciousness” (Thorat and Deshpande 2001). On this account, Thorat remarks that, this explanation does not take us too far as it provides a limited idea about how and why the caste system survived in a modified form and continues to persist in institutions and social consciousness in a system where its economic base is intact and in others where the economic base is withdrawn (such as socialist economics/Public Sector). He further questions that, "where does it draw its support for sustenance? and how do social and religious ideologies help sustain the system?". What differs from the Marxian approach according to Thorat is "Ambedkar took a closer look at the role and impact of social, religious, and philosophical elements in Hinduism in the origin, perpetuation, and sustenance of the caste system". To that extent, Ambedkar’s approach is comprehensive, insofar, as it attempts to fill the gaps left over, specifically, regarding the interactive role of economic forces and socio-cultural forces. He also highlighted the part played by Hindu religious philosophy in mutually enforcing economic forces and institutions. Like the Marxists, he recognized and located the economic roots of the caste system in economic forces (such as ownership of the means of production), but unlike them, he did not follow a simplistic unilateral route and leave the matter at a dead end. He went beyond this to analyze how social, religious, philosophical, and ritual elements in Hinduism – as a matter of religious institution – justify, support, and perpetuate the caste system, thereby, bringing a lot more clarity on the issue of structural and super-structural relations. Further, following the neo-classical economists, Ambedkar also examined and analyzed the economics of the caste system and untouchability from the
viewpoint of the economic efficiency and income distribution. With this backdrop, Thorat has tried to capture and understand the position of Ambedkar on three inter-related issues –

(i) what is the economic basis of the caste system?
(ii) what is the role of Hindu religious ideology in the emergence and sustenance of the caste system? and
(iii) what are its consequences for income distribution or equity?

At theoretical level, Thorat points to six important economic attributes of the caste system provided by Ambedkar to understand the framework of a production organization and a scheme of distribution. These are:

I. fixed occupations for each caste and their continuance by heredity;
II. unequal distribution of economic rights related to ownership of property, employment, wages, and education etc. among the caste groups;
III. Hierarchal entitlement of economic rights, with the principle of graded inequality transcending into economic spheres;
IV. some occupations or economic activities being treated as superior, while others as inferior, thus, maintaining their hierarchy based on the social stigma of high and low;
V. the provision of a system of ostracism in terms of social and economic penalties to enforce the caste-based economic order; and
VI. some philosophical elements in Hinduism providing support for the perpetuity of the caste system (Thorat and Deshpande 2001).

Thorat explains further how these six attributes affects economic efficiency and income distribution. According to him, there is underlying assumption that every member must follow the occupation assigned to the caste to which he belonged for fixed occupation and continuance by heredity. It left no scope for individual capabilities, choices, and inclinations. Occupational segmentation, however, was not only rigid, but was based on isolation and exclusiveness. Ambedkar observed that in other societies, economic stratification existed with the freedom to move from one occupation to another. Such free social mobility prevented isolation and exclusiveness. For as long as classes did not practice isolation and exclusiveness, they were only social in their relations towards each other; isolation and exclusiveness made them inimical
towards one another. Thus, it was not so much the existence of classes as an idea of isolation and exclusiveness, which is inimical to the free social order.

The view of Thorat with respect to the second governing principle of the caste system is that occupations are not only pre-determined, but their division (in terms of various economic rights) is highly unequal. In fact, inequality in property rights was at the core of the caste system. What is equally important is that the caste system is, not only, based on unequal, but hierarchal entitlement of economic rights. As we travel down the caste hierarchy, the claims on economic rights also get reduced. The burden of this, however, fell too heavily on the deprived castes (low-caste erstwhile untouchables), who are placed at the bottom of caste hierarchy. The way economic rights were appropriated left little scope for the economic alleviation of the deprived castes as they were deprived of the rights to choose their occupations, acquire property, and education. The only occupation assigned to them was to serve the other castes. But, the services by the members of the deprived castes were not regulated as a free contract. The higher castes employing members of the deprived castes were not obliged to provide adequate economic security to them. The rules regarding payment of wages were fixed to their disadvantage. Manu’s Law of Wages was not a “minimum wage law – it was a maximum wage law, an iron law of wages fixed so low that there was no fear of the untouchables accumulating wealth and obtaining economic security” (Thorat and Deshpande 2001).

It is important to recognize that while the Hindu social order provides much less economic rights to the deprived castes, including the right to property, as against the multiple privileges and rights to the high castes, particularly, the Brahmins. This in Ambedkar’s view is the unique feature of the caste system. For instance, teaching of the Vedas, officiating at sacrifices, and receiving grants and presents are the exclusive rights or occupations of the Brahmins. Unlike other castes, however, there is no restriction on them to take up other caste’s occupations if the situation so demands. This unique feature of overwhelming rights to Brahmins, on one hand, and their denial to the deprived castes, on the other, is important to understand the contemporary and persistent inter-caste economic inequalities, particularly, between the Brahmins and the others.

The economic relations in the caste system, particularly, those among high and deprived castes, the Hindu social order embodied in itself a slave-like character for the latter. In Ambedkar’s view, a slave is a person who accepts from another the purpose, which controls his conduct. In this sense, a slave is not an end in itself; he is only a means of fulfilling the end desires of the others. In
their economic significance, the rules put an interdict on the economic independence of the deprived castes. They were required to serve the others, not themselves, which means they were not allowed to strive after economic independence, but had to forever remain economically dependent on others. Besides this evidence, the Hindu social order also recognized slavery in a more direct form. Manu recognized seven types of slaves and Narada thirteen. What is, however, important is that both brought graded inequality into the system of slavery and therefore, it was not a free system as it was elsewhere in the Western world. In the Hindu scheme of slavery, the Shudras could be made slaves of the three higher castes, but the higher castes could not be the slaves of the Shudras. A Brahmin might become the slave of another Brahmin (at least in theory), but not of a Kshatriya, a Vaishya or a Shudra. He might, however, hold as his slave anyone belonging to the four Varnas. This hierarchical bar to enslaving anyone from a higher caste applied to all castes (Thorat and Deshpande 2001).

Thorat said another equally important feature of the Hindu social order is the mechanism of social and economic parallels developed to sustain and maintain the system. The instruments of social and economic boycott were the main forms of penalties that were laid down against the violation of the codes of the system.

Briefly, Ambedkar’s economic characterization of the Hindu social order as a system of production, organization, and distribution was based on three inter-related elements. These included: fixation of occupations and economic rights; unequal and hierarchical (or graded) division of economic/property rights across castes; and the provision of strong instruments of social and economic ostracism to sustain the rigid system.

Thorat further examines the implications of such an existing system for equity. He gives Ambedkar’s approach, “whatever may have been the purpose behind the origin of the caste system, as it evolved later in its classical form, it certainly involved an economic motive, wherein, economic relations were based on exploitation rather than any economic efficiency of any sort. The manner in which the rules concerning the rights to property, occupations, employment, wages, education, social status of occupations, and dignity of labour – rules governing graded slavery and other economic relations were defined – these involved in themselves essentially an element of economic exploitation, particularly, of castes located at the bottom of the caste hierarchy. This, in fact, implies that the caste system was primarily based on the principle of economic inequality. Economic inequality (as much as socio-cultural inequality) under the Hindu social order has not
emerged as a matter of indirect historical consequences, but was a direct outcome of its governing principles, the core of which was based on the doctrine of economic inequality.” (Thorat and Deshpande 2001)

3.3 Features of Caste System

Thorat discusses four various features of caste system that are grouped into four categories, namely essential features, unique features, educational rights and slavery.

3.3.1 Essential Features:

The first essential economic feature of the caste system is pre-determined and fixed assignment of occupations, for each caste without any scope for change. This implies that every caste member must follow the occupation assigned to the caste to which she/he belongs. It leaves no scope for individual choice and inclination in the choice of occupation by individual. An individual under the Hindu social order is bound to the profession. Manusmriti provides the following framework in regards to the entitlement of occupations:

1. But in order to protect this universe, He, the most resplendent one, assigned separate (duties and) occupations, to those who sprang from his mouth, arms, thighs, and feet;
2. To Brahmins, He assigned teaching and studying (the Vedas), sacrificing for their own benefit and for others, giving, and accepting (or alms);
3. The Kshatriya, He commanded to protect the people, to bestow gifts, to offer sacrifices, to study (the Vedas), and to abstain from attaching himself to sensual pleasures;
4. The Vaishya to tend cattle, to bestow gifts, to offer sacrifices, to study (the Vedas), and to abstain from attaching himself to sensual pleasures; and
5. One principal duty the Supreme, the Ruler, assigns to a Shudra, namely, to serve the before mentioned classes, without depreciating their worth (the present day untouchables were subsumed under the category Shudras) (Thorat 2012).

These rules regarding the occupations of the different classes were further amplified by Manu, as is evident from the following citations from his Smriti:

1. To Brahmins, He assigned the duties of reading the Vedas, of teaching it, of sacrificing, of assisting others to sacrifice, of giving alms if they be rich, and if indigent of receiving of gifts;
2. To defend the people, to give alms, to sacrifice, to read the Vedas, to shun the allurements of sensual gratification, are in a few words, the duties of a Kshatriya;

3. To keep herds of cattle, to bestow largess, to sacrifice, to read the scriptures, to carry on trade, to lend at interest, and to cultivate land, are prescribed or permitted to Vaishyas;

4. Let such Brahmins and others who are intent on the means of attaining the supreme godhead and firm in their own duties, completely perform in order, the six following acts:

Reading the Vedas, teaching others to read them, sacrificing and assisting others to sacrifice, giving to the poor if themselves have enough, and accepting gifts from the virtuous if themselves are poor, are the six prescribed acts of the first-born class;

5. But, among those six acts of Brahmin, three are his means of subsistence, assisting to sacrifice, teaching the Vedas, and receiving gifts from a pure handed giver;

6. Three acts of duty cease with the Brahmin and belong not to the Kshatriya, teaching the Vedas, officiating at a sacrifice, and thirdly, receiving presents;

7. Those three are also (by the fixed rule of law) forbidden to the Vaishya since Manu, the Lord of all men, prescribed not those acts to the two classes, military and commercial; and

8. The means of subsistence peculiar to the Kshatriya are bearing arms, either held for striking or missile; to the Vaishya, merchandise, attending on cattle, and agriculture; but with a view to the next life, the duties of both are alms giving, reading, and sacrificing.

Ambedkar observed that occupational division among classes is a feature, which is common to several societies. But, in these societies, classes co-exist with the freedom to move from one class to another. Such a free social order aims to prevent isolation and exclusiveness. For as long as classes do not practice isolation and exclusiveness, they are only non-social in their relations towards one another. Isolation and exclusiveness, which remains the main feature, of caste systems makes groups anti-social and inimical towards one another. Thus, it is not so much the existence of classes, as the spirit of isolation and exclusiveness, which is inimical to a free social order. The economic framework of the caste system, besides creating annual occupations who classes make them isolated and exclusive in character. This intention and exclusion combined with fixed occupation in the first essential feature of the caste system.

The second essential feature of the caste system is that occupations are not only fixed, but their division access the castes is highly unequal and hierarchal. The entitlement to economic rights such as capital assets, employment, and education is unequally assigned among the various castes.
Further, this unequal assignment is also hierarchical or graded. Allocation and entitlement to economic and educational rights is governed by the principle of “graded inequality”. In fact, graded inequality in the distribution of economic rights is at the core of the economics of the caste system. The entitlement economic rights reduce as one move down in the caste hierarchy from the higher caste to the lower caste. While the Brahmins enjoy all economic and educational rights; there is nothing in the economic division of the caste system for the Shudras except to serve the higher castes (Thorat 2012). It compels them to serve ends chosen by the others. This is clear from the following code in Manusmriti:

1. One occupation only the Lord prescribed to the Shudra is to serve meekly the other three classes (namely, Brahmin, Kshatriya, and Vaishya);

2. If a Shudra was unable to subsist by serving Brahmins, to seek a livelihood, he may serve Kshatriyas and he may also seek to maintain himself by attending on a wealthy Vaishya;

3. But let the Shudra serve Brahmins, either for the sake of heaven or with a view to both (this life and next life) for he who is called the servant of Brahmin, thereby, gains all his ends; and

4. The service of Brahmins alone is declared (to be) an excellent occupation for a Shudra for whatever else besides this he may perform will bear him no fruit.

As regards to property rights, Hindu social order leaves no scope for the Shudra to accumulate wealth.

Manu illustrates:

1. No superfluous collection of wealth must be made by a Shudra, even though he has a power to make it, since a servile man who has amassed riches, becomes proud and by his insolence or neglect gives alms to Brahmins; and

2. A Brahmin may seize without hesitation, if he be in distress for his substance, the goods of his Shudra.
Services by the Shudra were not left by Manu to be regulated as a free contract. If a Shudra refuses to serve, there is a provision for conscription, which runs as follows:

1. A Brahmin may compel a Shudra, whether brought or unbrought, to do servile work for he is created by the creator to be the slave of Brahmins.

But, once a Shudra was brought under the services and employed by three higher castes, the latter are not obliged to provide adequate economic security to the Shudra. The rules regarding wage payment to the Shudras are fixed to his disadvantage. Dealing with the question of wages to the Shudras, Manu says:

“They may allot him out of their own family (property) a suitable maintenance, after considering his ability, his industry, and the number of those whom he is bound to support”.

But suitable maintenance is also defined by Manu, which is as follows:

“The remnants of their food must be given to him, as well as, old household furniture”.

As regard rules governing wage rates;

Ambedkar observed that Manu’s law of wages was not a “minimum wage law”. It was, on the other hand, maximum wage law. It was an iron law of wages fixed so that there was no fear of Shudras accumulating wealth and obtaining economic security (Thorat 2012).

### 3.3.2 Unique Features

While pre-determined unequal and hierarchal economic rights are the essential feature of the caste system, Ambedkar also point out the unique features of the caste system.

The unique feature of the caste system related to the entitlement of unlimited rights to the Brahmin. While the Manusmriti provides much less economic rights to the Shudra, it alternately gives full privileges and rights to the Brahmins. Although, the teaching of Vedas, officiating at ritual sacrifices, and receiving grants and presents are exclusive rights or occupations; or the Brahmin unlike other castes there is no restriction on them with respect to These is complete
freedom to the Brahmans to partake in the occupation of any other caste (except of the Shudra), if the situation so demands. Everything is supposed to be the property of the Brahmans. Manu illustrates:

1. On account of his pre-eminence, on account of the superiority of his origin, on account of his observance of (particular) restrictive rules, and on account of his particular sanctification the Brahmin is the Lord of (all) varnas; and
2. Whatever exists in the world is the property of the Brahmin, on account of the excellence of his origin the Brahmin is, indeed, entitled to it all.

As is also evident from the following rules delineated by Manu, there is also complete freedom to the Brahmans to take any occupation except that of Shudra. Manu prescribed.

1. Yet a Brahmin, unable to subsist by his duties just mentioned, may live by the duty of a soldier; for that is the next in rank;
2. If it be asked, how he must live, should he be unable to get a subsistence by either of those employments; the answer is, he may subsist as a mercantile man, applying himself in person to tillage and attendance on cattle;
3. But a Brahman and a Kshatriya, obliged to subsist by the acts of a Vaishya, must avoid with care, if they can live by keeping herds, the business of village, which gives great pain to sentient creatures, and is dependent on the labour of others, as bulls and so forth;
4. If, through want of a virtuous livelihood, they cannot follow laudable occupations, then they may gain a competence of wealth by selling commodities usually sold by merchants, avoiding what ought to be avoided; and
5. The Brahmin, having fallen into distress, may receive gifts from any person whatever; for by no sacred rule can it be shown, that absolute purity can be sullied.

Besides these exclusive rights, Brahmans could also take the property of the common man (the Shudra) without compensation and without reference to court if the same was necessary for the performance of his religious duties. If he (Brahmin) discovers a hidden treasure he was free to appropriate the whole of it without giving the usual share to the kind. Since he was the Lord of all and was entitled to claim half of it if it was discovered by another. He was entitled to the whole amount accumulated from legal fines from a king whose death was due to some incurable disease.
He was exempted from taxation. He was entitled to compel the king to provide for his daily food and to see that he did not starve. His property was free from the law of escheat (Thorat 2012).

3.3.3 Educational Rights

Equally important are provisions with regards to the right to education. The concept of formal education in Hindu social order is of a limited nature. Formal education in Hinduism was confined only to the study of the Vedas in schools established exclusively for this purpose. These schools benefited only the Brahmins. The state did not hold itself responsible for opening establishments for the study of arts and sciences, which concerned the life of the merchant and the artisan classes.

Illiteracy became an inherent part of Hinduism by a process, which is indirect, but, internal to it. It was a direct result of the rules relating to the rights to teach and study the Vedas. The Brahmins, Kshatriyas, and Vaishyas could study the Vedas, but it was only the Brahmins who could teach the Vedas or alternatively, use knowledge for teaching and other purposes. The Kshatriyas and Vaishyas could only learn, but were not allowed to use the learning of Vedas for teaching. The Shudra did not have any right to learn. The Shudra was not allowed to study the Vedas. He was in fact disallowed to even hear them. In fact, the successors of Manu made the disability of the Shudra in the matter of the study of the Vedas into an offence involving direct penalties. For instance, Gautama prescribed:

1. If the Shudra intentionally listens for committing to memory the Veda, then his ears should be filled with (molten) lead and lac, if he utters the Veda, then his tongue should be cut off, if he has mastered the Veda, his body should be cut to pieces;
2. He must never read the Veda in the presence of Shudra; and
3. He who instructs Shudra pupils shall become disqualified for being invited to a Shudra.

In Ambedkar’s view, in fact, it is this prohibition against the study of the Vedas to the mass of the people that consequently effectuated illiteracy and ignorance in secular life. It must be realized that traditionally, reading and writing have had an integral connection with the teaching and study of the Vedas. Reading and writing were arts necessary for those who were free and privileged to study the Vedas. On the contrary, they were not considered necessary to those who were not free to do so. In this way, reading and writing became incidental to the study of the
Vedas. The result was that the theory of Manu regarding the rights and prohibitions in the matter of teaching and study of Vedas came to be extended to the arts of reading and writing. Those who had the right to study the Vedas alone were accorded the right to read and right. The net result of this was that reading and writing had become the right of the high caste priests and illiteracy had become the destiny of the low castes (Thorat 2012).

Thus, by prohibiting literacy, Hindu social system was responsible for the mass scale illiteracy and ignorance in which the masses came to be enveloped. Ambedkar observed that “the ancient world may be said to have been guilty for failing to take the responsibility for the education of the masses. But never has any society been guilty of closing to the generality of its people, the study of the books of its religion. Never has a society been guilty of prohibiting the mass of its people from acquiring knowledge. Never has a society made any attempt to declare that any attempt made by the common man to acquire knowledge shall be punishable as a crime. Manu is the only divine law giver who has denied the common man the rights to knowledge”.

3.3.4 Slavery

Finally, coming to the economic relations involved in the caste system, Ambedkar observed that in the spiritual sense they constitute the gospel of slavery. But, interpretation apart, Hindu social system recognized slavery. Slavery is a very ancient institution of the Hindus. It is recognized by Manu and has been elaborated and systematized by the other Smriti writers who followed Manu. Manu recognized seven types of slaves, while Narada recognized thirteen. Slavery under the Hindu social system is, however, different from that of the Western world. The Hindu concept of slavery is graded. Hindu writers extended the principle of hierarchy and gradation to the practice of slavery. This rule of Narada runs as follows:

“In the reverse order of the four castes slavery is not to be ordained except where a man violates the duties peculiar to his caste. Slavery (in that sense) is analogous to the condition of Life”.

Manu and his successors, thus, while recognizing slavery ordained that it shall not be recognized with reverse order to the Varna system. This means that a Brahmin may become the slave of Brahmin, at least in theory. But, he shall not be the slave of a person of another Varna, that is, Kshatriya, Vaishya, and Shudra or Ati-Shudra. On the other hand, a Brahmin may hold as his
slave any one belonging to the four Varnas. Even in case of these castes, reverse was not true. Ambedkar argued that if the rule of slavery had been left free to take its own course, it would have had at least one beneficial effect. It would have been a leveling force. But it was seen that unfettered slavery was an equalitarian principle and attempt was made to nullify it (Thorat 2012).

3.4 Dynamics of Caste System

Thorat said the caste system as an institution of social organization of Hindus, the caste system has also undergone a significant change from its original form. Only a few have tried to explain the dynamics of the caste system. One view point in Akerlof’s approach implies that the provision of social ostracism (with social and economic penalties involving social and economic boycott and isolation) against the violation of customary rules of the caste system remains a main deterrent for any change. The social fear of being socially and economically boycotted and isolated acts as an imminent force for the survival of the system. This implies that there are social costs of change (away from the traditional regulatory framework) which discourage an individual; to so far behaviour different from traditional customary rules of caste behaviour and thereby, the caste system from being dynamic in nature. Another view emphasizes the role of economic costs involved in the enforcement of the caste system. Enforcement of the system involves economic cost – transaction and enforcement – and these costs tend to be higher for individual members to break the rules of the system. Scoville, thus, located the reasons for the rigidity of the caste system into economic costs, which inhibit changes in the customary rules governing the caste system. This implies that given a situation of low economic costs, the inefficient rules governing the caste system would change and make the system dynamic (Thorat and Newman 2010).

According to Thorat, the “cost and efficiency” explanation, however, remains silent regarding the economic motives behind discrimination. Marxist and Ambedkarian explanations go beyond the “costs and efficiency hypotheses” and emphasize the role of social, educational, and economic gains of monopolization accruing to the higher castes persons as a reason for the continuity and perpetuation of the caste system. According to this view the traditional regulatory framework of the caste system will continue as long as it brings gains in social, economic, and educational spheres to the castes, which tend to benefit from the system. The customary rules governing the social and economic relations, and those relating to education under the caste system would change, only if the alternative (or new) rules yield higher economic and social gains to the higher caste persons. Conversely, traditional rules would continue if alternative rules (or new rules)
yield lesser gains to the higher caste persons. Ambedkar also emphasized the role religious ideology in the rigidity of the caste system. He argued that in so far as the philosophical elements in Hinduism lend support to the caste system, they bring rigidity to the system and inhibit change. In fact, it is the philosophical support provided by the religion, which gives abiding strength for the rigidity of the caste system. Therefore, Ambedkar believed that besides social and economic forces, modern ideas regarding human rights, justice, and equality may also induce change in social relations involved in the caste system is contrary to the modern tenets of human rights and justice.

Thorat said prevailing theoretical literature indicates that changes in the caste system are incumbent upon the relative magnitude of social costs (in terms of social isolation/standing), economic costs (that is, transaction and enforcement costs), and social and economic gains associated with change. Change will further depend on the extent of acceptability of modern ideas regarding human rights, justice, and equality. The lesser gains to the higher castes in the existing system (compared with gains in system governed by new rules) and the low social and economic costs of such change will induce change in the traditional social and economic relations of the caste system. Similarly, recognition and pursuit of modern concepts of human rights, equality, and justice will also induce changes in the system. Conversely, if the gains to the higher castes in social, education, and economic spheres in the traditional system are higher, the cost of change is higher and also the notion of human rights and justice as prevalent among the masses is against the progressive norms of human rights, there will be less incentive for the HCs to opt for change (Thorat and Newman 2010).

3.5 Consequences of Caste System

Thorat discusses the what consequences of caste system would have been on economic growth and deprivation of the excluded groups. In Thorat's word, the concern about the discrimination is precisely because of its linkages with underdevelopment, inequality, poverty and the potential inter-group conflict that it can lead to between the dominant and discriminated subordinated groups. He has gives these consequences in descriptively in following.

3.5.1 On Economic Growth

The standard theory indicates that economic discrimination generally generates consequences, which adversely affect overall economic efficiency and thereby, economic growth. Market discrimination leads to failure of market mechanisms, which in turn induce inefficiencies
due to misallocation of labour and other factors among firms and the economy in general (Thorat and Kumar 2008).

Factor immobility also induces segmentation of the markets. In case of the caste system, for instance, fixed occupations do not permit mobility of human labour, land, capital, and entrepreneurship across castes; the system creates segmented markets and brings imperfections in each of these markets. Thus, far from promoting competitive market situations, it creates segmented and monopolistic markets situation skewed on caste lines. Labour and capital fail to shift from one occupation to another even if the wage rates and rates of return (on investments) are higher in alternative occupations. Factor immobility brings gross inefficiencies in resource allocation and in economic outcomes.

Economic efficiency is also affected by reduced job commitment and efforts of workers who perceive them to be victims of discrimination and by reducing the magnitude of investment in human capital by discriminated groups. In caste-based segmented markets, economic efficiency is less than one posited in the model of perfectly competitive market economy.

Factor immobility in the caste system also leads to unemployment, which is typically associated with the customary rules governing employment in various occupations. By not permitting the movement of labour between occupations, caste becomes a direct cause of much of voluntary unemployment for the higher castes and involuntary unemployment for the low castes. The higher caste Hindus would generally prefer to be voluntarily unemployed for some time rather than to take up occupation of other which is considered to be polluting. For the lower castes, on the other hand, the restrictions to take other castes occupations will compel them to remain involuntarily unemployed. Thus, involuntary unemployment in the case of the lower castes and voluntary unemployment in the case of the higher castes is one of the negative outcomes of the caste system (Thorat and Kumar 2008).

The economic efficiency of labour suffers severely in another manner also. In so far as the division of occupations is not based on individual choice, the individual sentiment, preference, and the natural aptitudes has no place in it. The social and individual efficiency requires us to develop the capacity of an individual to the point of competency to choose and make one’s own career. The principle of individual choice is violated in the caste system as it involves an attempt to appoint a
task to an individual in advance, selected not on the basis of training or capacities, but on the caste status of the parents.

Further, some of the occupations are considered socially degrading, which reduce the social status of persons engaged in them. Forced into these occupations on account of their caste origins, people do not derive job satisfactions. In fact, such occupations constantly provoke people engaged in them to aversion, ill will, and desire to evade. The caste system also disassociates intelligence from work and creates contempt for physical labour. The dignity of physical labour is nearly absent in the work ethic of the caste system. The lack of dignity of labour, thus, affects the incentive to work adversely. This implies that the caste system (as an economic organization) lacks several elements, which are required to satisfy the conditions for optimum use of resources and for the achievement of optimum economic outcomes (Thorat and Kumar 2008).

3.5.2 On Inequality, Poverty and Inter-Group Conflict of the Excluded groups

This brings us to the consequences of discrimination and exclusion induced by the caste system on income distribution and poverty. The consequences of the caste system in terms of equity and poverty are far more serious than those for economic growth. Since the access to sources of income and economic rewards under the caste system are determined by the unequal assignment of rights; the result is an income distribution skewed along caste lines. Lal writes, “Much of modern abhorrence of the caste system is due to the legitimate dislike in my view of the system of economic inequality it perpetuates”. Ambedkar argued caste system involved an economic motive, the purpose of which is income maximization by higher castes persons through coercion rather than economic efficiency of any sort. The manner in which the customary rules and norms regarding the rights to property, occupation, employment, wages, education, social status, and dignity of labour are framed and defined – they involve denial of educational, social, and economic rights and result in deprivation and poverty among the lower castes. Economic and educational disparities in general and poverty of lower castes like the former untouchables and the Other Backward Castes in particular is a direct outcome of the unequal assignment of economic rights under the caste system.

There is an additional social and political cost that can be attributed to caste-based social exclusion. By exacerbating current inter-group inequalities and by contributing to their perpetuation from one generation to another, it also fosters inter-group conflicts. Caste-based
discrimination in access to sources of income and human development of subordinate groups, thus, has the potential for inducing inter-group conflicts (Thorat and Kumar 2008).

3.6 Summary

In this chapter we tried to examine the writings of Thorat on the issue of Economics of Indian Caste System. Thorat provides theoretical perspective based on three approaches, viz. neo-classical approach, the Marxian approach and Dr. Ambedkar’s approach. We also understand that, the social fear of being socially and economically boycotted and isolated acts as an imminent force for the survival of the system. This implies that there are social costs of change away from the traditional regulatory framework which discourage an individual; to so far behaviour different from traditional customary rules of caste behaviour and thereby, the caste system from being dynamic in nature. Factor immobility also induces segmentation of the markets. In case of the caste system, for instance, fixed occupations do not permit mobility of human labour, land, capital, and entrepreneurship across castes; the system creates segmented markets and brings imperfections in each of these markets. Thus, far from promoting competitive market situations, it creates segmented and monopolistic markets situation skewed on caste lines. Labour and capital fail to shift from one occupation to another even if the wage rates and rates of return are higher in alternative occupations. Factor immobility brings gross inefficiencies in resource allocation and in economic outcomes. The manner in which the customary rules and norms regarding the rights to property, occupation, employment, wages, education, social status, and dignity of labour are framed and defined – they involve denial of educational, social, and economic rights and result in deprivation and poverty among the lower castes. Economic and educational disparities in general and poverty of lower castes like the former untouchables and the Other Backward Castes in particular is a direct outcome of the unequal assignment of economic rights under the caste system.
Reference


