

## CHAPTER FOUR

### ECONOMIC PERSPECTIVE OF INDIAN CASTE SYSTEM

The present century has been marked by economic development. It is an era where money matters the most. Economic stability is the hallmark of life. We have seen how caste system creates untouchability. An untouchable caste cannot enjoy economic right. As a result of that untouchables in the past were victimised from enjoying other rights, such as, the right of education, the right of speech, etc. In this sequel, an attempt is made to analyse and examine the impact of economic right of Indian depressed caste. Of course, economic discrimination has received little attention in mainstream discourse in the social sciences in India. With the exception of gender, there are few studies related to market and non-market discrimination associated with the institutions of caste, untouchability, ethnicity, religion, colour etc. Of course, market and non-market discrimination cannot be ignored due to its immense consequences for economic growth, income distribution, poverty and inter-group conflict. Discrimination is the hallmark of the society, but amongst all sorts of discrimination economic discrimination arising out of caste system would extremely be harmful. In our sense, untouchability is a form of social exclusion and elimination. It eliminates the depressed caste from the affluent castes and in turn it robs the economic rights of the depressed castes. It is a form of exclusion or elimination from economic rights. Social exclusion is 'the denial of equal access to opportunities imposed by certain groups of society upon other.'<sup>26</sup> Thus, in a sense, social exclusion actually means an inability of an individual to participate in the basic political economy and social functioning of the society. Such perception of social exclusion captures three distinguishable features.

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<sup>26</sup>Buvinic, 2005, p.5.

First, it affects culturally defined groups; second, it is embedded in social relations and finally, it delineates the consequences of exclusion.<sup>27</sup>

Here we understand untouchability as a form of social exclusion. The untouchables are excluded from economic rights because they are untouchables. Thus, the outcome of untouchability as the outcome of social exclusion with regard to low income and high degree of poverty among the excluded groups depend crucially on the functioning of social and economic institutions. Untouchability as a form of social inclusion has a sizeable impact on an individual's access to equal opportunities. Amartya Sen draws attention to the various dimensions of the notion of social inclusion. Sen draws attention to various dimensions of the notion of social exclusion. In some situation people are being kept out and in some other situation people are being included in deeply unfavourable terms. He then described the former as 'unfavourable exclusion' and the latter as 'unfavourable inclusion'. Besides, he distinguishes between active and passive exclusion. Of course, from economic perspective inclusion and exclusion would be the outcome of government decisions based on policy. But when we are discussion the concept of exclusion from the perspective of untouchability, we are thereby intending to say that the concept of untouchability as a social disease robs the basic rights of the untouchables. As a result of that they are forced to exclude from the right of education, from the right of speech, from the right of taking active part in the decision making bodies etc. It goes against humanism. Such type of exclusion huts the humanity in general.

As it has been proved that the concept of untouchability is a social curse or social disease. It cannot be justified from rational or scientific perspectives. It has been controlled by the priests of a particular religion or the dominant people of the society. It has no logic but still it has been

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<sup>27</sup> See Sen, Amartya, 2000.

functioning in the name of caste and creed. When we are talking about exclusion with regard to untouchability we are talking it with regard to social exclusion where the term inclusion is 'not impoverishing but can lead to impoverishment of human life.'<sup>28</sup>

What we can say here is that social discrimination of any sort of social exclusion actually leads to economic discrimination. Amartya Sen says that without economy there is no ethics and without ethics there is no economy. Thus, in the contemporary modern society, ethics and economy are entwined with each other. Our concern of untouchability is an ethical concern, moral concern. We claim that untouchability is a social curse and it is unethical. It leads to economic discrimination of the down-trodden who were victimised by the concept of untouchability. Thus, we have to understand economic discrimination with regard to caste. However, our discussion about economic discrimination would be indirect. It is indirect in the sense that here exclusion comes from the compatibility. Those who are untouchables, those who are down-trodden, those who have not enjoyed basic human rights from their childhood would remain incompetent to enter into markets. Competency or efficiency is the hallmark of economics. It requires proper treatment in the real sense of the term. Otherwise one cannot enter into the market. The discrimination of a group may operate through restrictions on entry to markets or through selective inclusion with unequal treatments in market and non-market transactions what Sen termed as unfavourable inclusion.

There are two different types of exclusion, viz., individual exclusion and group exclusion. In other words, the same can be expressed with regard to distributive exclusion and collective exclusion. Even the concept of untouchability is directed towards collective exclusion. It has been taken as a class. It is associated with caste or *jati*. Here groups are wholly excluded on the

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<sup>28</sup>Thorat, Sukhadeo and Katherine S. Newman (eds.) *Economic Discrimination in Modern India*, Oxford, 2012, p.4.

basis of group identities. It involves two crucial dimensions, namely, social relations and their outcomes. Therefore, for understanding the nature of exclusion, insights into social relations and institutions of exclusion are as important as demarcating their outcomes in terms of deprivation of excluded groups. In case of group exclusion, all persons belonging to a particular social and cultural group are excluded because of their group identity. All Shudras are identified untouchables because they belong to an identified group. Here individual qualities and attributes do not matter. In the case of social exclusion, variables associated with social and cultural identities such as social origin like caste, ethnicity, religion, gender, colour and race become important. This exclusion is further extended to economic exclusion, such as, access to capital assets, businesses, employment, education, civil and political rights, and other social needs. This clearly reflects that the group characteristics of exclusion are based on social and cultural identity and are irrespective of individual attributes. Therefore, in my account untouchability is marked as a form of exclusion, social as well as economic, where all untouchables as a class are excluded.

### **Homogeneity of the group**

When class exclusion is implemented, it then means that within the class every people are homogeneous in the sense that they belong to the same caste. Here the term 'homogeneity' means 'homogeneous classes. We think that this discrimination has important policy implications. Unlike 'individual exclusion', in the case of group exclusion the focus of equal opportunity policy measures will have necessarily to be on the group as a whole. It is possible that all individuals within an excluded group may be homogeneous with respect to their economic and educational status. The point that needs to be taken care off at this point is that if discrimination or so to speak exclusion is implemented on the basis of education and economy,

then surely over the period of time the capacity of economically and educationally better off individuals from the excluded groups will be able to overcome discrimination. This will open up the opportunity before the individuals within the excluded groups to designate them better off compare to other on the education and economic front. Thus, it seems necessary to have general safeguards against discrimination for all individuals in the excluded social groups. The policy of economic, educational, and social empowerment may vary depending on the economic, social, and educational status of the individual from the excluded groups. Our cause of concern is not to give a detail exposition of discrimination. Rather we are primarily concerned with the issue how untouchability as social exclusion profusely influences the so-called economic exclusion.

Here we are talking of homogeneous discrimination. Economic discrimination in our sense is not homogeneous, but when economic discrimination is implemented with regard to social discrimination, then it would be homogeneous. Let us make it clear with an example. All Shudras are untouchables and as a result of that they are homogeneous. Now homogeneously they were forced to take education. They were not allowed to go to school with the upper castes children. As a result of that they were deprived from proper education. They remain illiterate. Now, when they enter to compete with other in the later stage, they fail to do it. Accordingly, they were bound to be victimised from the economic rights as well. This clearly leads us to assume that social discrimination which actually robs the basic rights of the humans leads to political and economic discrimination almost homogeneously. This is vividly reflected in Indian society where untouchability prevailing as a social curse.

## **Caste system, Market and Non-market Discrimination**

From historical perspective, it had been a proven case that discrimination is the hallmark prevailing in societies in various ways. The famous Darwinian slogan is: Survival of the fittest. Only fittest would survive and nobody else. Those who are not able to survive, they are definitely be discriminated in some sense or other. They are excluded from the society. Thus, exclusion or discrimination is entwined with the remark of Darwin. But when we are talking of the slogan of Darwin, we actually mean in terms of economic discrimination. In our case, we are deeply involved to explore how social exclusion actually leads to economic and political discrimination. Thus, the concept of social exclusion is particularly relevant for understanding the Indian situation. In India, exclusion revolves around social institutions that exclude, discriminate against, isolate, and deprive some groups on the basis of group identities, such as, caste, ethnicity, religion and gender. We think to make our objective of this sequel clear, the nature of exclusion associated with the institution of caste needs to be conceptualized at it lies at the core of developing equal-opportunity policies, such as, reservation policy for the Scheduled Caste, Scheduled Tribes, and Other Backward Castes. The list of reservation is being increased in number in every passing year. Thus, from reservation point of view, the insights from the discussion on caste could be used for other groups as well. Our main concern is, of course, to focus on a few theoretical attempts at economic interpretation of the caste system. Caste as a system of social and economic governance is determined by certain religious ideological notions and customary rules and norms which are unique and distinct.<sup>29</sup>

We think that the economic organisation of the caste system is based on the division of people in social groups or castes, in which the social and economic rights of each individual caste are

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<sup>29</sup> See Ambedkar, 1936, 1987a, 1987b.

predetermined or ascribed by birth and made hereditary. The entitlement to economic rights is unequal and hierarchical. Economy and social rights are unequally assigned and therefore, the entitlement to rights diminishes as one move down the caste ladder. The fundamental characteristic predetermined and fixed social and economic rights for each caste implies 'forced exclusion of certain castes from the civil, economic, and educational rights that other castes enjoy. Exclusion or discrimination in the civil, education and economic spheres is, thus, internal to the system and a necessary outcome of its governing principles.

It thus seems that that in its original form the Hindu social order governed by the caste system does not recognise an individual and his distinctiveness as the central of social purpose. For the purpose of rights and duties, the unit of Hindu society is not an individual. Even a family is not regarded as a unit in Hindu society except for marriage and inheritance. Of course, the primary unit bin Hindu society is caste, and hence the rights and privilege of an individual are on an account of the latter's membership of a particular caste. It is important to note here that due to the hierarchical or graded nature of the caste system. Entitlements to civil, economic and educational rights of different castes become narrower as one goes down its hierarchical ladder. A caste does not exist singularly, but only in plural. Castes exist as a system of endogenous groups that are interlinked with each other in an unequal measures and rights and relations in all walks of life. Castes at the top of the order enjoy more rights at the expense of those located at the bottom. Therefore, the lower castes, such as, the Dalits and OBC's located at the bottom of the caste hierarchy have enjoyed far fewer economic, educational and social-rights than the caste at the top. This, in fact, is supposed to be a brutal discrimination. We have already stated in the previous sequels that there is no logic regarding the fourfold division of castes. Ambedkar, being a proponent of social reformer adheres to the view that castes system appears as a weapon to a

section of higher caste community and nothing else. If caste system, in fact, has been treated as a division of labour, and the profession of a particular caste should be determined on the quality and vision of the concerned caste.

We think caste/ untouchability based exclusion is, thus, reflected in the inability of individuals from the lower castes to interact freely and productively with other. This also inhibits their full participation in the economic, social and political life of the community. Viewed from this perspective, the concept of caste and untouchability-based market and non-market discrimination can be conceptualized in a particular way. Discrimination can, thus, be defined as follows:

Complete exclusion of certain social groups such as the lower castes by higher castes in hiring or sale and purchase of factors of production, consumer goods, and social needs like education housing, health services, and other services transacted through market and non-market channels, which is unrelated to productivity and other economic attributes. Secondly, unfavourable inclusion bound by caste obligations and duties reflected in overwork, loss of freedom leading to bondage, and treatment. Exclusion in certain categories of jobs and services of the former Untouchables or SCs who are involved in so-called 'unclean or polluting' occupations, such as, scavenging, sanitary jobs, and leather processing. This is in addition to the general exclusion or discrimination that persons from these castes would face on account of being Untouchables. The impact of negative consequence of economic discrimination is huge. The wide-ranging consequences of social and economic exclusion go against not only for the well-being of the excluded groups, inter-group inequalities, and resultant inter-group conflict, but also for the performance of the economy. The concern about discrimination is precisely because of its linkages with underdevelopment, inequality, poverty of the excluded groups, and inter-group conflict.

Economic efficiency is also affected by reducing job commitment and efforts of workers who perceive themselves to be victims of discrimination and by reducing the magnitude of investment in human capital by discriminated groups. Economic efficiency is generally lower in caste-based segmented markets. Factor immobility also leads to unemployment in various occupations where the lower castes were victimised.<sup>30</sup> Labours were not allowed to move from one occupation to another occupation and as a result of that the opportunity to have better occupation had been forfeited. Here caste becomes a direct cause of much of voluntary unemployment for the higher castes and involuntary unemployment for the lower castes. It was noted that the higher caste Hindu would generally prefer to be voluntarily unemployed for some time than to take up an occupation that is considered polluting. For the lower castes, the restriction on taking up other castes' occupation will compel them to remain involuntarily unemployed. Thus, it seems clear that involuntary unemployment in the case of lower castes and voluntary unemployment in the case of higher castes is one of the negative outcomes of the caste system. It was visible that the lower castes were profusely victimised on economic fronts. Besides, the economic efficiency of labour also suffers severely in another manner. Since the division of occupations under the purview of caste system and is not based on individual choice, the individual sentiment, preference, and natural attitudes have no place in it. It was natural that when the lower castes were victimised from education in particular, it would be very difficult for them to compete with the higher castes as far as efficiency is concerned. In fact, 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. Here the individuals, according to Ambedkar, were selected not on the basis of training or capacities, but on the basis of status of the parents.

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<sup>30</sup> See Ambedkar, 1936, 1987a.

Moreover, some occupations are considered socially degrading, which reduces the social status of persons engaged in them. Forced into these occupations on account of their caste origin, people do not derive job satisfaction. In fact, such occupations constantly provoke in their aversion, ill will, and a desire to evade the work. The caste system also dissociates intelligence from work and creates contempt for physical labour. The dignity of physical labour is nearly absent in the work ethics of the caste system. The lack dignity of labour, thus, adversely affects the incentive to work. This implies that the caste lacks several elements that are required to satisfy the conditions for optimum use of resources and optimum economic outcome. This eventually leads to *inequality, poverty and inter-group conflict*. Even the consequences of the caste system for equity and poverty are more serious than for economic growth. Economic growth for the downtrodden would remain far cry if they do not enjoy equal rights in the real sense of the term. We are talking of educational right or equality. If the lower castes do not have educational opportunity, how they can compete with others. Since access to the source of income and economic reward under the caste system is determined by unequal assignment of rights, the result is an income distribution generally skewed along caste lines. In this regard 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.”<sup>31</sup>

According to Ambedkar, whatever may have been the purpose behind the origin of caste system, it eventually evolved in its classical form, and it certainly involved an economic motive, the very purpose of which was *income maximization through coercion rather than economic efficiency of the sort*.<sup>32</sup> The customary rules and norms regarding right to property, occupation, employment, wages, education, social status of occupation, and dignity of labour are framed and defined in a

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<sup>31</sup> See Lal, 1988, p.73.

<sup>32</sup> See Ambedkar, 1936.

manner that involves denial of educational, social and economic rights, and consequential deprivation and poverty of the lower castes. Disparities in economic and educational spheres in general and poverty of the lower castes like the untouchables in particular are direct outcome of the unequal entitlement of economic rights under the caste system. Besides, there is an additional social and political cost of caste-based social exclusion, it also fosters inter-group conflict. Thus, it may be said that the so-called caste-based discrimination in access to source of income and human development of suborning groups has the potential for inducing inter-group conflict.

### **Sensitivities of Caste Economic Discrimination**

The system has undergone change from its original form within the organisation of Hindus. Only a few have ventured to explain the dynamics of caste system. Akerlof's economic model of the caste system argued that the provision of social ostracism measures against the violation of customary rules of the caste system which act as the main deterrent of change. This actually leads us to assume that there are social costs associated with change that discourage the caste system from being dynamic in nature.<sup>33</sup> Even Scoville emphasised that the role of the economic costs involved in the enforcement of the caste system and these costs are too high for individual members to break the rules of the system. It thus means that in a situation of low economic costs, the inefficient rules governing the caste system would change and make system dynamic. The higher castes will continue to support the caste system so long as it brings them gains in the social, economic and educational spheres. The customary rules governing social and economic relations, and those relating to education under the caste system, would change if the alternative rules yielded higher economic and social profit to the higher castes. According to Ambedkar, a

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<sup>33</sup> See Akerlof, 'The Economics of Caste, the Rat Race and Other Woeful Tales', *Quarterly Journal of Economics*, vol. XC, no. 4, p599, 1976.

change in the ideas about human rights and equality also induces change in social relations simply because the concepts of human rights and justice involved under the caste system is contrary to the modern tenets of human rights and justice. Thus, change in the caste system will depend on the relative influence of social costs and economic costs. Further, it will also depend on the extent of acceptability of the modern ideas about human rights, justice and equality. Likewise, the recognition and pursuit of human rights and justice will also induce a change in the system.

The question the necessarily arises: what measures are to be taken up for removing economic discrimination? It is our general perception that any sort of discrimination is wrong and it goes against justice and humanity. Therefore, reducing discrimination is necessary. It likely to increase economic efficiency and growth, enhance access to economic and educational rights, and help reduce poverty and inter-group inequalities. Therefore, when we discuss about untouchability, our prime concern is to overcome discrimination. In this regard, two alternative solutions can be proposed. First, discrimination will prove to be a transitory phenomenon. Other theories argue for an interventionist policy to overcome economic discrimination. This school of thought believes that there are several reasons why economic discrimination might persist over long periods. It has been a ground reality that discrimination persists. What we intend to say here is that economic discriminations induced inequalities. It is not the right way of presuming that there would not be any sort of discrimination in high growth economic conditions. Discrimination is still prevailing even in high growth economic conditions. Thus, intervention is necessary to address the problem of discrimination in the provision of essential public services such as education, health care services, housing, food supplied by public institutions. Current patterns of socio-economic inequality within nations are often intertwined with much older

systems of stratification and social exclusion. The fact that certain social groups, namely, those belonging to castes identified as untouchables and downtrodden, remain disproportionately poor despite legal safeguards. These groups are very often attributed to their low levels of education, or to their concentration in economically backward sectors. As a result, discrimination remains a powerful ongoing force that explains the persistence of inequality even in the modern sectors of society.

There is nothing wrong to claim that there are many thousands of *jatis* within the Indian subcontinent. They have names and are usually associated with a certain regional and geographic base. Even it would be the case that at times members of a caste share a distinctive surname. Castes have hierarchical dimension. Besides the four-fold divisions of castes, there are others below these fourfold division which are *designated as spiritually impure and defiling*. Once known as untouchables, members of this lowest stratum are called Dalits or oppressed or downtrodden. Dalits were viewed by higher caste people as physically and spiritually polluting. They were not allowed to live close to higher persons. They were not allowed to use the same water supply or enter into temples. They could not own land or be educated and were excluded from many occupations. Even their presence was polluting and in public place they had to keep physical distance from higher caste persons. Many Dalits and untouchables worked in stigmatized occupations that handled 'impure' materials such as human waste, dead animals, and hides. Tanning, scavenging, sweeping, and cleaning jobs remain distinctively Dalit occupations in modern India. In the ongoing scenario people are talking about merit. Merit is the hallmark of employment. It is the motto towards modernization. It is reflected in every interview that workers should be recruited strictly according to merit. Of course, this is not the lone example and practice that India employs. Even in most Western industrial countries, the same practice

was followed and whatever inequalities emerged as a result was simply accepted as the norm. It was not regarded as unfair or unfortunate; rather it was simply the way things worked. Qualification was now important and competition built up at the gateway to the institutions that certified the most desirable would be businessmen, lawyers, doctors, teachers, accountants, and so forth. Stable jobs, relatively well paid, respected by authorities, these jobs and the pathways that led to them were the essence of modernism in the marketplace. In practice, the institutions and experiences that produce cosmopolitanism are rarely accessible to Scheduled Castes. Throughout the interview, we see consistent pronouncements about talent and merit, without respect to caste, creed and colour. But the production of merit is itself highly unequal business within the caste system. As a result, the linkage of modernism with merit, and merit with cultural capital, effectively eliminates Dalits from the competition. Thus, the perception of modernism and merit is itself a defective practice in Indian society. The problem is of course the caste policy. Dalits, untouchables, downtrodden were not allowed to take proper education and without getting proper education they cannot compete with other. Thus, within the caste policy, there revolves a vicious cycle which cannot overcome even at present.

We have claimed it time and again that caste-politics is not something external, it is heinous mental disease and it works within. Therefore, it cannot be removed without progressive minds. Everyone shares his enlightened perspective and that some actively practise an affirmative form of caste discrimination. Extreme biasness come from within the caste. A higher caste always tries to uplift his own caste even in the case of employment. It is visible that even some owners of Indian companies come from a particular caste and the people who belong to this community, may have some kind of positive discrimination. For example, a person who is thriving businessman is always helped by people from his own caste or community, or the kind of friends

he has also belonged to the same caste. This data cannot be shown objectively. Rather it is coming from the inside. Moreover, caste is a politically sensitive issue and there are people who are very particular about caste. However, over the course of time, the propensity towards group-preference is being decreased considerably. This is why the relevance of reservation policy actually hinges on. The constitution marking India's founding as an independent nation was passed on 26 November 1949 in the midst of fierce political battles over the religious and ethnic composition of the country. Dalits, or untouchables were seeking to gain some leverage or weight during Independence. They were agreed to remain inside the Hindu fold if they were guaranteed quotas in the public sector, specially higher education, employment, and in the parliament itself. Now, 22.5% present of public university seats, including those in the most elite institutions, are set aside for SCs and STs who are primarily rural landless labourers whose standard of living is abysmally poor. After six decades of the creation of this reservation policy, a small proportion of these traditionally shunned groups have been able to claim places in public education, the civil service and, finally, in the government itself. This opportunity is vital to the upward mobility of the Dalit population. However, there we notice a general attack on reservation policy time and again. Having said this, there is no reason to hide it out that the language of meritocracy has spread around the globe along with the competitive capitalism that gave birth to it. People recognise it very well that modernism is the future of the country as well as the future of their firms. It calls for the adoption of labour market practices that the advanced capitalist world embraces and a blind eye to the uneven playing field that produces merit in the first place. Thus, in the postmodern era, there we notice a cultural shift where instead of **truly caste blind orientation**, emphasised has been laid on the commitment to merit voiced alongside convictions that merit is distributed by caste or origin so that a highly-qualified low-caste job

applicant to gain recognition for his skills and accomplishments. At worst, they will be excluded simply by virtue of birthright. Anti-discrimination law is required to insist on the actual implementation of caste-blind politics of meritocratic hiring, and to question common and accepted practices of assessing family background as a hiring qualification.

We cannot ignore the fact that the distribution of credentials, particularly, in the form of education, is hardly a function of individual talent alone. It reflects differential investment in public schools, health care, neutrino, and the like. Institutional discrimination of this kind sets up millions of low caste Indians for a lifetime of poverty and disadvantage. As long as the playing field is the tilted, there can be no real meaning to meritocracy conceived of as a fair tournament. However, it is a vast improvement over unshakable beliefs in racial, religious, or caste inferiority; for it admits of the possibility that talent is everywhere. We think that so long institutional investments are fairly distributed; policy alternatives will be needed to ensure that stereotypes do not unfairly block the opportunities of low-caste Indians and rural job applicants.

### **Wages and Job Discrimination in the Indian Urban Labour Market**

It is equally reflected that barring the occupational placement of caste groups across India, a common feature is the sharp contrast in status and income between Scheduled Castes and Scheduled Tribes on the one hand and the so-called high castes on the other. That means the psychological perception of caste-system materially impacted the wage patterns of the lower castes. Government, however, since independence has sought to alleviate these inequalities by instituting affirmative action in political representation , higher education, and government and public sector employment. These politics reserve seats in the local and national legislatures for SC and ST applicants, and mandate a certain quota of jobs in the government and public sector

for them. Despite these conscious efforts, the educational level of the SCs continues to be behind that of the general population and the overwhelming majority of the SC/ST population is still found in less-skilled and lower-paying jobs. Many commentators acknowledge the prevalence of caste inequality in rural India, but believe that the same is comparatively less in urban India. Others viewed that caste discrimination occurs primarily in operative jobs, but not in salaried white-collar positions. This section deals with inequality in the formal sector in urban India.

Here we can mention three different types of decomposition methodology which would reflect caste discrimination. The first of these includes as a predictor while predicting earnings from the characteristics of all workers. Unfortunately, this approach yields a biased result because it assumes that the wage structure is the same for both non-Scheduled castes and SC/ST workers. It thus constrains the values of efficiencies of explanatory variables, such as, education and experience, to be the same for the SC/ST and NSC population.<sup>34</sup> The second approach employs a 'decomposition technique' to partition the observed wage gap into an endowment component and a coefficient component. The latter is derived as an unexplained residual and is termed the 'discrimination coefficient'. This method was first developed by Blinder. The third 'expanded approach' incorporates the occupational distribution into the earning estimation, and was first proposed by Brown and others. One advantage of using this expanded method is that both job discrimination and wage discrimination can be estimated simultaneously. All three methods mentioned above are used here to estimate the extent of discrimination against lower caste workers in urban India. In fact, decomposition in some sense or other enables the separation of the wage differential into one part that can be explained by differences in individual

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<sup>34</sup> See Gunderson, 1989.

characteristics and another part that cannot be explained by differences in individual characteristics.

### **Caste System and Pattern of Discrimination in Rural Markets**

Caste discrimination is prevailing even in rural markets. The economic interpretation of caste system implies that caste as a system of economic governance is governed by certain customary rules and norms, which are unique and distinct. The organisational scheme of the caste system is based on the division of people of social groups or castes in which the economic and social rights of each individual caste are predetermined or ascribed by birth and eventually made it hereditary. As a result, the assignment of economic rights across various castes is unequal and hierarchical. Besides, the caste system also provides for a community based regularity mechanism to enforce the social and economic organisation through the instruments of social ostracism and reinforces it further with justification and support from philosophical elements in the Hindu religion. Thus, it seems that the caste system's fundamental characteristics of fixed economic rights for each caste implies 'forced exclusion' of the lower castes from certain economic rights that the higher castes enjoy. Thus, on the basis of castes there prevailed economic coercion. Exclusion and discrimination in economic spheres such as occupation and labour employment are, therefore, internal to the system. In the market economy framework, the inner-caste occupational immobility would operate through restriction on lower caste persons in various markets, such as, land, labour, capital, credit, other inputs, and services necessary for any economic activity. Thus, labour or lower caste, being an integral part of the production process of any economic activity, would obviously constitute a part of market discrimination. We do reckon that the patterns of economic discrimination are associated with the institution of caste and untouchability particularly low caste Untouchables in rural areas. Of course, it would be the case

that systematic empirical studies on caste and untouchability-based market discrimination in rural areas are rare.

It should be kept in mind that discrimination associated with institutions of caste and untouchability is deeply entrenched in dense social and economic relations. These relations generally operate through the structure of dominance and power and through general restrictions faced by low caste untouchables in various market and non-market transactions. Accordingly, the first task is to conceptually define and develop the concept of caste and untouchability based market discrimination. Since discrimination is embedded in social relations, we also collected relevant information through qualitative questions. Moreover, caste-based labour market discrimination is conceived as the complete exclusion of low-caste persons from employment by the high castes. It is equally conceived by selective inclusion in hiring, but with unequal treatment by denying of jobs to low castes in certain economic activities and in lower wages. Labour market discrimination may also involve forced work for low-caste Untouchables, imposed by traditional caste-related obligations leading to overwork and loss of freedom. The exclusion of untouchables from certain types of jobs owing to notions of pollution and purity is measured by seeking qualitative information from low caste respondents.

Low caste Untouchables may also face differential behaviour in various markets and non-market transactions other than those in the labour market. Discrimination in this case may be occurring through denial by the higher castes of sale inputs and products to low-caste persons, as well as through refusal to buy the same from low-caste sellers. Discrimination may also take the form of price discrimination. This may be experienced by low-caste Untouchables in the shape of higher price on purchases. This may include prices of factor inputs, such as, price of land or rent on land , interest on capital, rent on residential houses etc. Discrimination may also be reflected in

differences in the terms and conditions of contracts in market and non-market transactions, which may be unfavourable for low-caste Untouchables. Thus, discrimination may be faced by low-caste Untouchables in different arrangement in their use of village-level common property resources such as water bodies and common grazing land. Labour market discrimination is measured by the difference between low-caste Untouchables and Higher castes in the number of days employed in an agricultural year. Even due to caste system, the higher castes generally do not buy land for residential purposes in low caste localities because of caste prejudice. On the contrary, the low castes were generally not allowed to buy land in the high-caste locality. This clearly reflects the tendency of caste-biasness created among the higher castes. The unwillingness of the higher castes to share housing with Untouchables, thus, prohibits the breaking of the customary patterns of caste-based residential segregation in Indian villages.

There are six occupations that have been identified as traditional caste-related occupations, including barbers, scavengers, tailors, musicians, and sweepers. Some of them reported these occupations as their primary activity. Looking at three of the services individually, discrimination is evident in various degrees. In the case of barbers, more than fifty percent of the respondents mentioned that there are separate barbers for higher and lower caste persons. Higher caste persons do not avail the services of lower-caste barbers, nor are untouchables allowed to utilize the service of higher caste barbers. Thus, it seems that within castes, there are conflicts among themselves who would most suitable to service the higher castes. This conflict gives opportunity to the higher caste to exploit the lower castes. Under traditional customary rules, the Untouchables were denied the right to property such as farmland and non-farm business and hence their main occupation was to service the higher caste through wage labour. It is further noted that although the untouchables have access to various markets, it is characterized by

restrictions and discriminatory behaviour on the part of high-caste persons. Even it would be the case that Untouchables casual labourers face discrimination in accessing employment in the farm and non-farm sectors. The daily wage earnings of the Untouchables labourer in both farm and non-farm work is lower than that of an identical high caste wage labour. Wage discrimination is also reflected in the time interval in payment of wages and the manner in which wages are diverted to the untouchable labourer. Compared to high-caste labourers, the Untouchables receive wage payment after long time intervals. The Untouchable labourers very often also face discrimination associated with their so-called impure status. Ironically, when the employers refuse to give wages in cash in their hands and, instead, either keep the money on the ground or drop it in their hands from a distance to avoid physical touch.

It thus seems that Untouchables were the victims of every sort of discrimination. Caste affinity mattered the most in the past. Refusal to hire Untouchables for domestic work in high-caste homes is related to the notions of pollutions, namely, the belief that physical contact and social interaction with 'Untouchables' persons is polluting. In the case of agricultural land market, although sale and purchase is fairly open to everybody, Untouchable buyers confront restrictions of various kinds. As a consequence, the Untouchables generally end up buying land at a long distance from their native village, or land that is of inferior quality and away from an irrigation facility. Exclusion and discrimination is fairly widespread in the sale and purchase of land for residential construction in localities dominated by high-caste residents. Exclusion of Untouchables is also fairly widespread in the case of renting of a house in a high-caste locality. The high castes generally do not buy land for construction of a house in a low caste locality. Thus, residential segregation seems to persist in its traditional form on a fairly wide scale. The access to the market in various inputs, such as, human labour, bullocks, implements, and water

for irrigation, seems to be fairly open to the untouchables. However, high caste persons seem to regard it as beneath their dignity to work for wages in the field of low-caste landowners. Untouchables also face selective economic restrictions on the sale of consumer goods, particularly, vegetables and milk. Accordingly, low-caste sellers must depend on members of their own caste as consumers and sell their products and goods in markets away from their village, where their identity is not known. This, however, adds to their transportation and labour costs. Thus, economic discrimination is everywhere in the names of castes and untouchables. Discriminatory access has obvious consequences on the ownership of capital assets, employment and business. The results bring to the fore the linkage between market discrimination and high poverty of the Untouchables. Thus, today if we see persons from the Untouchable community with low ownership of capital assets like agricultural land and business, low ownership of retail business, and low employment and wage earnings, it has close links with the discriminatory access to markets in agricultural land, capital, input and retail consumer goods, and employment. The discrimination-induced deprivation and poverty of the former untouchables is something that has not yet become the subject of enquiry in theoretical and empirical studies on poverty and deprivation in the discipline of economics. Having said this, given the possible wider consequences of market and non-market economic discrimination for economic growth, inequalities and inter-group conflicts, more systematic, theoretical and empirical research is necessary.

## **Brahmanism and Capitalism are the Twin Enemies of the Labouring Classes**

There are two enemies which the workers of this country have to deal with. The two enemies are Brahmanism and capitalism. By Brahmanism we do not mean the power, privileges and interests of Brahmins as a community. That is not the sense in which we are using the word. By Brahmanism, we mean the negation of the **spirit of liberty, equality and fraternity**. In that sense, it is rampant in classes and is not confined to Brahmins alone, though they have been the originators of it. The Brahmanism which pervades everywhere and which regulates the thought and deeds of all classes is an inconvertible fact. It is also an incontrovertible fact that the Brahmanism gives certain classes a privileged position. It denies certain other classes, particularly the untouchable classes, even equality of opportunity. We think that the effect of Brahmanism is not confined to what are social rights, such as, inter-dining and intermarriage. It extends to civic rights as distinguished from social rights. Uses of public wells, of public conveyances, of public restaurants are matters of civic rights. But there are millions to whom these civic rights are denied. Can anybody doubt this is the result of Brahmanism, which has been let loose in this country for thousands of years and which is functioning now as a live wire? It is notorious that there is many a vocation from which a Depressed Class worker is shut out by reason of the fact that he is untouchable. We know that in the Bombay Presidency the Depressed Classes are shut out from the weaving department in cotton mills both in Bombay and Ahmedabad. They can only work in the spinning department, a low-paid department, a neglected one. The reason why they are excluded from the weaving department is that they are untouchables. On that account the caste Hindu worker objects to work with them, although they do not mind to work with the Musalman.

Economic sanction has been implemented on the untouchables even in railways. What is the position of the depressed class workers in the railways? No one can deny that his destiny is to work as a gang man. Day in and day out, all his life, he works as a gang man with no prospects to rise. There is no higher grade post that is open to him. He employed even as a porter. As a porter he must also work as a domestic servant. Thus, from economic perspective an untouchable or a depressed class worker is quite useless to the station master who is generally a high caste Hindu. He cannot avail himself of the service of the porter for his household purpose if the porter is an untouchable. As a result of that he does not appoint a depressed class man as a porter. In the railways there is no qualifying for the appointment of clerks and non-matrices are usually employed for these posts. Hundreds of non-matrices from Indian Christians, from Anglo-Indians and caste Hindus are employed as Clerks in the railways. But the depressed class boys who are non-matrices, and there are hundreds of them, are systematically rejected and hardly one ever gets a chance. The same is the class in the railways workshops. Very seldom is a depressed class man employed as a mechanic class. Hardly a depressed class man seems to occupy the position of a mistry. He is just a coolie and happy to remain a coolie. Such is the condition of the depressed class worker in the railways. In these aforesaid avocations where a depressed class worker has a chance to obtain work he is employed in the lowest grade. He is excluded from any place of power or authority. He is not only employed in the lowest grade but he is confined to that grade until he retires. There is no scope to rise for him. There is no promotion for him. This is what happens to him when there is no slump. In days of slump he is the first to be fired as in the boom he is the last to be employed.

## **Call for separate Unions of the Untouchables**

To regain economic viability a separate union is called for in favour of Untouchables. According to Ambedkar, there would be nothing wrong if we started a separate union of our own. This is a big proviso. A union, if it is to flourish, must function and a union cannot function if it cannot secure the service of efficient functionaries. There is nothing wrong in a separate union, because separate union need not result in separatism or weakness. Your separate union can always be affiliated to some central organisation of labour which can give unity of purpose and unity of action. For Ambedkar, if you cannot organize a separate union of your own, you may join any one of the existing unions. But you must take care that the union does not use you for its purpose. There is great danger of such a thing happening. To avoid this you must insist upon two conditions. First, you must insist upon a special representation in the executive of the union so that your special problems will receive the attention and support of the union. Secondly, you must insist upon some part of your contribution to the union to be earmarked for being used, if necessary, for fighting out your grievances.

Thus, for Ambedkar, depressed classes must organize for political power under the independent labour party. Besides trade purpose, the depressed classes must organise for political purpose as well. They are interdependent and interrelated. Experience has shown that trade unionism by itself cannot help the labourers to win in their struggle against the masters. The question whether trade unions should enter politics is a question on which there can now be no two opinions. Trade unions must enter politics because without political power they cannot protect purely trade union interests. Even for the purpose of securing such reforms as standard rate, normal day, common rule, minimum living wage, collective bargaining are aims which cannot be secured merely by organising unions. The power of unions cannot be strengthened without the force of

law. This cannot happen until in addition to organising yourselves into unions you also begin to play your part in the politics of the country. The protection of purely trade union interests cannot be the only reason why trade unions must enter politics. It is to be taken into account that slaving for others is a destiny which the labouring classes cannot escape. On the contrary, your aim should be to replace the system of wage slavery by a system which will recognise the principles of liberty, equality and fraternity. Rebuilding of society is the prime concern of the labouring class to bring about such a reconstruction of society.

But the question is: how can the labouring class realise this ideal? This is where the relevance of political power comes into being. For Ambedkar, effective use of political power is definitely a powerful weapon to this end. Without securing political power, economic power cannot be regained. For Ambedkar, repudiation of politics by trade unions does not mean that workers as individuals will not interest themselves in politics. On the contrary, many of them will attend political meetings, vote at elections for one candidate or another and frequently join or other of the political parties. For Ambedkar, politics denied for trade unions does not mean no politics for workers who are the members of the union. The Trade Union Congress has adopted the Constitution of the Trade Union Federation and the Trade Union Federation has agreed to drop its name. One of the conditions of this unity is that this organisation is to be a purely trade union organisation. It has to have no politics. It is a matter of great sorrow that the workers have been suffering the gross injustice to which they have been subjected chiefly by neglecting to use the means at their command towards removing the cause of the use of political power. Whatever may be the view of other people, Ambedkar says that if organised labour avows to eschew politics their labour is doomed. As a result of that they will be the suffers from economic development front. We must realise that all the evils under which we suffer have a common

origin- namely, that those who exercise social and economic dominance over us have taken over in their hands political power which rightly belongs to the labouring classes.

On the basis of the above observation we would like to say that untouchables or depressed classes are the victims of economic development and underdevelopment. If there is no economic development, the most sufferers would be the depressed and oppressed classes. If there is economic development, there the untouchables and downtrodden would be the most sufferers. Even in today's environment where efficiency is important, the unorganised section would be the most to suffer. Who will be the beholder of unorganised sectors? Of course, the farmers, the depressed classes, the backward classes are the beholders of the unorganised sectors. They are unorganised in the sense that they cannot compete with the organised sectors. The reasons are many. In summing up we can conclude by saying that Indian caste system is responsible to create economic inequality among the citizens of India.

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