LABOUR MARKET DISCRIMINATION:  
CONCEPT, FORMS AND REMEDIES  
IN THE INDIAN SITUATION

Sukhadeo Thorat*

This paper provides a theoretical and empirical perspective on the study of discrimination in the labour markets with particular reference to the caste system. It sets the stage by addressing some of the key questions surrounding labour market discrimination by highlighting the ways in which caste persists through discrimination that burdens the Indian economy with inefficiencies in the allocation of labour and other resources, inequalities and poverty. It specifically looks into the quandaries of the discriminatory working of various labour markets in terms of access to employment, wage earnings, and working conditions/relations. It also examines the consequences of labour market discrimination on the labouring classes and suggests possible remedies against labour market discrimination. The paper, in its essence, contextualises from theoretical and empirical literature that far from disappearing as the economy modernises, discrimination remains a problem, which for the reasons outlined in the paper, is not amenable to self-correction, but rather requires interventionist policy—general pro-poor and group-specific—to remedy.

I. INTRODUCTION

The issue of labour market discrimination has received less attention in mainstream discourse on labour studies in India. With the exception of gender, studies related to labour market discrimination associated with the institutions of caste, untouchability, ethnicity, religion, and other group identities and differential labour market outcomes are few in number. This applies to theoretical as well as empirical studies on labour market discrimination. The lack of systematic theoretical and empirical research on labour market discrimination has constrained our capacities to develop safeguards against discrimination and conceive well-founded equal opportunity policies in employment, education and other spheres for the discriminated groups.

Simultaneously, the issue of labour market discrimination is some thing which cannot be ignored, mainly because of its adverse consequences on income distribution, poverty, and economic growth. In fact, the state in recognition of the visible inter-social group disparities between castes, ethnic groups, religious groups, and gender that are plaguing our society had to respond with policy initiatives—it just could not wait till academies came up with the optimal solution. Therefore, in some cases, equal opportunity policies have preceded necessary research in theory and empirical evidence on labour market discrimination. This has also led to considerable

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debate, which covers a wide spectrum of issues, ranging from evidence on market discriminations to alternatives ways of overcoming their consequences.

Therefore, whether we like it or not, the question of differential labour market outcomes (that are unrelated to economic attributes such as productivity, etc.) for the discriminated groups in terms of access to employment, earnings, working conditions, and relations of production need to be addressed. The pertinent questions are: to what extent do inequalities in employment and earnings accrue to differences in merit and productivity? And to what extent can these be attributed to factors unrelated to productivity? In other words, it is important to de-mystify labour market discrimination in the context of inter-social group inequalities in employment and wage earnings, to unearth whether such disparities are characteristic of ascriptive features, and the extent to which these are attributable to individual achievements.

This paper addresses some of the key questions surrounding labour market discrimination. It specifically looks into the following quandaries: firstly, do various labour markets work in a discriminatory manner in terms of access to employment, wage earnings, and working conditions/relations? Secondly, what are the forms, spheres, and nature of discrimination? Thirdly, what are the consequences of labour market discrimination on the labouring classes on economic growth, employment, earnings, poverty and inter-group inequalities? And finally, what are the possible remedies against labour market discrimination? These questions will be addressed by referring to theoretical and empirical literature (wherever available).

Given my familiarity with the literature on caste, I shall confine the discussion on labour market discrimination in the ensuing sections to the institutions of caste and untouchability. I will, at the outset, discuss the concept of labour market discrimination, confining it to the institution of caste, drawing mainly from social science literature, in general, and economics, in particular. Thereupon, I will discuss methods of measuring caste and untouchability-based labour market discrimination. This will be substantiated by the available empirical evidence on discrimination in rural and urban employment markets, and finally, the paper will present insights from theoretical literature on the remedies for overcoming such discriminations. Although the discussion is placed in the context of caste, since we also discuss the question of social exclusion and discrimination in its broad theoretical framework, therefore from the point of view of understanding the problem of social exclusion associated with group identities, its consequences and implication for policies, it is equally applicable to other categories, such as ethnic, religious, gender and other groups.

II. MEANING OF ECONOMIC DISCRIMINATION

Before I initiate the discussion on the issue of labour market discrimination in the Indian context, it is useful to enunciate the concept of social exclusion, in general, and market discrimination, in particular. In theoretical literature, the notion of social exclusion and economic discrimination (including market discrimination) has emerged from the disciplines of sociology/anthropology and economics. In social science literature, there is general agreement on the core features of social exclusion, its principle indicators, and its consequences (Buvinic, 2005). Buvinic summarise the meaning of social exclusion as “the inability of an individual to participate in the basic political, economic, and social functioning of the society”, and goes on to add that social exclusion is “the denial of equal access to opportunities imposed by certain groups of society upon others”. This definition captures the three distinguishable features of social exclusion—firstly, its effects on culturally defined “groups”; secondly, that it is embedded in social relations (the processes through which individuals or groups are wholly or partially excluded from full participation in the society in which they live), and finally, that it delineates
its outcome in terms of low income and high degree of poverty among the excluded groups (Haan, 1997; Sen, 2000).

The consequences of exclusion, thus, depend crucially on the functioning of social and economic institutions through a network of social relations, and the degree to which they are exclusionary and discriminatory in their outcomes. Social exclusion has a sizeable impact on an individual’s access to equal opportunities if social interactions occur between groups in power/subordinate relationships. The groups’ focus on social exclusion recognises that people are excluded because of ascribed rather than achieved features, beyond individual agency or responsibility (Buvinic, 2005).

Amartya Sen draws attention to the various meanings and dimensions of the concept of social exclusion (Sen, 2000). Distinction is drawn between the situations wherein some people are being kept out (at least left out) and wherein some people are being included (maybe even being forced to be included)—in deeply unfavourable terms. He describes the former as “unfavourable exclusion” and the latter as “unfavourable inclusion.” The latter, with unequal treatment, may carry the same adverse effects as the former.

Sen has also differentiated between “active and passive exclusion”. For casual analysis and policy response, Sen argues, “It is important to distinguish between ‘active exclusion’—fostering of exclusion through deliberate policy interventions by the government or by any other wilful agents (to exclude some people from some opportunity) and ‘passive exclusion’, which works through the social processes in which there are no deliberate attempts to exclude, but nevertheless, may result in exclusion from a set of circumstances.”

Sen further distinguishes the “constitutive relevance” of exclusion from that of its “instrumental importance”. In the former, exclusion or deprivation has an intrinsic importance of its own. For instance, not being able to relate to others and to partake in the community life can directly impoverish a person’s life, in addition to the further deprivation it may generate. This is different from social exclusion of an “instrumental importance”, in which exclusion in itself is not impoverishing, but can lead to impoverishment of human life.

Within social science literature, a more precise elaboration of the concept of discrimination has come from the discipline of economics in the context of race and gender (Darity, 1995). Mainstream economic literature throws more light on discrimination that operates through markets and non-market transactions, and develops the concept of market discrimination with some analytical clarity. In the market discrimination framework, the discrimination of a group may operate through restrictions on entry to markets and/or through “selective inclusion”, with unequal treatments in market and non-market transactions, which is similar to Sen’s conceptualisation of unfavourable inclusion.

Labour market discrimination can occur in hiring, for instance, when two persons with similar employment experience, education, and training apply for employment, but because they differ in some non-economic characteristics, they face denial in hiring. The differences are, thus, correlated with certain non-economic (social origins like caste, race, ethnicity, and religious backgrounds) characteristics of an individual.

To summarise, the development of the concept of social exclusion in social science literature essentially refers to the processes through which groups are wholly or partially excluded on the basis of group identities from full participation in the economy and society in which they subsist. It involves two crucial dimensions, namely, “societal relations” (causing exclusion) and their “outcomes” (causing deprivation). Therefore, for understanding the nature of exclusion, insights into societal relations and institutions of exclusion is as important as delineating their outcomes in terms of deprivation for excluded groups. It is also equally necessary to recognise
that in “group exclusion”, people are excluded because of their group identities and not due to individual attributes. It is, therefore, important to draw a distinction between the exclusion of an individual and that of a group. Pertinently, the exclusion of an “individual” is fundamentally different from that of a “group”. Individuals often get excluded from access to economic and social opportunities for various reasons specific to them. For instance, individuals can be excluded from employment due to lack of requisite education and skills, or individuals can be excluded from access to education due to lack of minimum merit, or they can be excluded from access to input and consumer markets due to lack of purchasing power. Importantly, the exclusion of an individual has no connection with social and cultural identity. Correspondingly, in case of the exclusion of a group, variables associated with social and cultural identities such as caste, ethnicity, religion, gender, and race become important, and exclude persons belonging to them from access to capital assets, businesses, employment, education, civil and political rights, and other social needs. Thus, the group characteristics of exclusion are based on social and cultural identity, and are irrespective of individual attributes. This discernment has important policy implications. While in the case of “individual exclusion”, pro-poor policies will have to be focused on individual capabilities, in case of “group exclusion”, the focus of policy measures will be on the adoption of a targeted approach.

III. CASTE AND LABOUR MARKET DISCRIMINATION: INSIGHTS FROM ECONOMIC THEORIES

After having gained some clarity on the concept of labour market discrimination from theoretical literature in social science, in general, and economics, in particular, this paper now looks at the Indian context. The insights from the preceding discussion on the concept of social exclusion, in general, and labour market discrimination, in particular, are relevant for understanding the Indian situation. In India, exclusion revolves around societal institutions that exclude, discriminate, isolate, and deprive some groups on the basis of group identities such as caste, ethnicity, religion, gender, etc.

The nature of exclusion associated with the institution of caste particularly needs to be understood and conceptualised as it lies at the core of developing equal opportunity policies such as a reservation policy for the Scheduled Castes (SCs), the Scheduled Tribes (STs), and the Other Backward Castes (OBCs). Presently, there is a growing demand, which utilises the same justification as used in the case of the SCs, STs and OBCs, for extension of the reservation policy to religious minorities such as Muslims and low caste converts to Islam and Christianity, and also women.

There are very few theoretical attempts at the economic interpretation of the caste system, but nevertheless, they do recognise that caste as a system of social and economic governance is determined by certain customary rules and norms, which are unique and distinct (Akerlof, 1976; Scoville, 1991; Lal, 1988; Ambedkar, 1936 and 1987a, 1987b and 1987c). The economic organisation of the caste system is based on the division of people in social groups (or castes) in which the economic rights of each individual caste are pre-determined or ascribed by birth and made hereditary. The entitlement to economic rights is, however, unequal and hierarchal (graded). The economic rights are unequally assigned and therefore, the entitlement to rights diminishes as one moves down the caste ladder. The system also provides for a community-based regulatory mechanism to enforce the system through the instruments of social ostracisms (or social and economic penalties) and is reinforced further with the justification from some philosophical elements in Hindu religion (Lal, 1988; Ambedkar, 1936 and 1987a, 1987b and 1987c).
In the caste system, the fundamental characteristics of fixed social and economic rights for each caste, with restrictions for change, implies the “forced exclusion” of one caste from the civil, economic, and educational rights of the other castes. Exclusion in civil and economic spheres is, thus, internal to the system and a necessary outcome of its governing principles. In the market economy framework, occupational immobility would operate through restrictions in various markets such as land, labour, capital, credit, other inputs, and the services necessary for pursuing any business or educational activity.

This interpretation of the caste system implies that in its original form, unlike many other human societies, the caste system does not recognise the individual and its distinctiveness as the centre of social purpose. In fact, 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 the Hindu society, except for the purposes of marriages and inheritance). The primary unit in Hindu society is caste and hence, the rights and privileges (or the lack of them) of an individual are on account of the latter’s membership to a particular caste (Ambedkar, first published, 1987b). Also, due to the hierarchical or graded nature of the caste system, the entitlements to civil, economic, and educational rights by different castes become narrower as one goes down the hierarchical ladder of the caste system. Various castes in their rights and duties get artfully interlinked and coupled with each other, in such a manner that the rights and privileges of higher castes become the causative reasons for the disadvantage and disability of lower castes, particularly the SCs and the OBCs located at the abyss of the caste hierarchy. In this sense, a caste does not exist singularly, but only in plural (Ambedkar, first published 1987c). Castes exist as a system of endogenous groups, which are interlinked with each other in an unequal measure of 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 SCs and the OBCs located at the bottom of the caste hierarchy have much lesser economic, educational, and social rights.

Caste/untouchability and ethnicity-based exclusion are thus reflected in the inability of individuals from the lower castes to interact freely and productively with others, and also inhibit their full participation in the economic, social, and political life of a community (Bhalla and Lapeyere, 1997). Incomplete citizenship or denial of civil rights (freedom of expression, rule of law, right to justice), political rights (right and means to participate in the exercise of political power), and socio-economic rights (right to property, employment, and education) are the key dimensions of an impoverished life.

1. Measurement Issues

Viewed from the above perspective, the concept of caste and untouchability-based labour market discrimination from its operational angle and its usage in empirical research can be conceptualised in a particular way. Labour market discrimination can thus be defined as follows:

a. Complete exclusion or denial of certain social groups such as the SCs in hiring by higher castes, which is unrelated to productivity and other economic attributes necessary for employment;

b. Selective inclusion or hiring, but with unequal wages, that is, lower wages (lower than those posited in the market or the wages received by higher castes), and unrelated to productivity;

c. Unfavourable inclusion (often forced) bound by caste obligations and duties reflected firstly, in over-work, loss of freedom leading to bondage, and attachment, and secondly, in differential treatment at the place of work; and
d. Exclusion in certain categories of jobs and services of those SCs who are involved in so-called “unclean or polluting” occupations (such as scavenging, sanitary jobs, leather processing, etc). This is in addition to the general exclusion or discrimination that persons from this caste would face on account of being low caste untouchables.

Different forms of labour market discrimination (see Table 1) may be conceived and measured in terms of the following:

a. Complete exclusion of discriminated social groups from employment, that is, employment discrimination;

b. Selective inclusion in employment, but with unequal treatment reflected in lower wages unrelated to productivity, that is, wage discrimination;

c. Selective inclusion with unequal hiring terms and conditions with respect to hours of work and other terms, that is, discrimination in conditions of work;

d. Differential behaviour towards low caste employees in place of work, that is, discrimination in social relations at work;

e. Compulsory or forced work associated with traditional caste-related obligations involving loss of freedom; and

f. Finally, exclusion of low castes from certain types of jobs, particularly due to the notion of pollution and purity (Thorat, et al., 2003).1

2. Caste and Labour Market Discrimination: Empirical Evidence

It has been mentioned earlier that due to general neglect of studies on economic discrimination, empirical evidence on labour market discrimination associated with caste, ethnicity, religion, colour, and other forms are either absent or less in number (with the only exception being studies on gender discrimination). Nevertheless, some body of empirical literature is available, which gives us an idea about the nature and forms of labour market discrimination. At this stage of the paper, I wish to provide some empirical evidence on caste and untouchability-based labour market discrimination to substantiate my case. In social science literature, two methods utilised for the measurement of discrimination are the “direct” and “indirect” methods (Darity, 1995). Evidence on labour market discrimination is presented from studies, which have utilised both these methods for rural and urban labour markets, with the most prominent among them being a study undertaken by the Indian Institute of Dalit Studies (IIDS) for delineating discrimination in the rural and urban labour market during the last four years.

<table>
<thead>
<tr>
<th>Types</th>
<th>Economic consequences</th>
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<tr>
<td>In hiring</td>
<td>Denial in employment leads to unemployment and less income</td>
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<tr>
<td>In certain jobs/works</td>
<td>Denial in some jobs/works leads to unemployment, under-employment, and less income</td>
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<tr>
<td>Wages</td>
<td>Lower wages as compared to others with the same productivity level loss of wage income</td>
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<tr>
<td>Terms and conditions</td>
<td>Long working hours, unpaid labour, and other caste-related work obligations loss of income and adverse effect on physical health</td>
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<tr>
<td>Workplace</td>
<td>Differential treatment social discrimination, loss of equal rights, and of dignity</td>
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3. Evidence on Rural Labour Market Discrimination

In the case of rural labour markets, the discussion in this paper is based on the results provided by a few studies, which include: (a) pilot study of three villages conducted by IIDS; (b) a study conducted by ActionAid, India in about 550 villages covering 11 states across India; and (c) evidence from a few other studies.2

The pilot study conducted by IIDS was initiated in 2002 (Thorat, et al., 2003). This study was based on a complete census of households in three selected villages from the states of Orissa, Gujarat and Maharashtra, with the sample size being about 1500 households. The purpose of this study was to understand forms of discrimination governing hiring, wages, and work conditions in farm and non-farm labour markets.

The study defines caste and untouchability-based labour market discrimination as follows:

a. Complete exclusion of the SCs from employment by higher castes;

b. Selective inclusion in employment, but with unequal treatment reflected in:
   1. Lower wages (lower than market wages or wages given to higher caste labourers)
   2. Terms and conditions with respect to hours of work and other terms; and
   3. Discriminatory or differential behaviour towards the low castes at the place of work;

c. Compulsive and forced work governed by traditional caste-related obligations involving loss of freedom; and

d. Finally, exclusion of low castes from certain types of jobs/works due to the notions of purity and pollution associated with the institution of untouchability.

Labour market discrimination in the study was measured through disparities in employment rates among the SC and the higher caste casual labourers in agriculture and non-agriculture for performing identical work. The disparities in the employment rates of workers performing similar works would reflect the hiring preferences of the higher caste employers.

Labor market discrimination in wage payment was measured through differences in daily wage rates for identical works in agricultural and non-agricultural activities. Also, discrimination in working hours was measured in terms of the actual hours put in by the SC labourers as compared with the non-SC/ST workers. Further, caste and untouchability-related discrimination at the place of work was measured by obtaining responses to the direct qualitative questions posed to the SC labourers.

The exclusion of low-caste untouchables in certain types of jobs and works due to the notions of purity and pollution was measured through the direct methods of soliciting responses from them.

The IIDS study observed clear inter-caste differences in access to employment of casual farm labourers. During the year, the overall average employment obtained by casual labourers was about 108 days with the average employment for SC wage labourers being 100 days and that of higher caste labourers being 154 days. Thus, higher caste casual labourers who had manual skills similar to those of their lower caste counterparts enjoyed higher employment in similar activities.

Wage discrimination across social groups was viewed in the study from three perspectives: firstly, differences in daily wage earnings across social groups; secondly, in intervals of wage payments; and finally, in instalments of wage payments. The average wages (average of the kharif and rabi seasons) were about Rs. 33 per day. The wages received by the SCs were Rs. 30 per day as compared to Rs. 34 per day for higher-caste casual labourers.
In case of wage intervals, in the *kharif* season, of the total respondents, about 20 per cent received their wages on the same day and 55 per cent on the next day. The remaining 24.6 per cent received their wages either after a week or in any day within a week. In the case of SC casual labourers, nearly 90 per cent reported receiving wage payments later than a week or more. In the *rabi* season, about 55 per cent of the wage labourers received wages on the same day or the next day. In the case of the SCs, of the total SC respondents, nearly 98 per cent received their wages later than a week or more.

Thus, the SC casual wage labourers suffered from differential treatment in terms of the contracts reflected in differential intervals of wage payment.

In the case of non-farm casual labourers, in all 195 labourers were engaged in non-farm activities. The average number of man-days of employment obtained per person in non-farm casual labour was about 124 days, with 290 days for the higher-caste labourers, and 180 days for the SC labourers. The daily wage earnings of higher-caste casual wage labourers was about Rs. 77 as compared to Rs. 58 for the SC labourers. Inter-caste differences in employment rates and wage earnings among casual wage labour, particularly in farm activities entailing similar manual skills, therefore, seem to be unrelated to productivity.

4. Reasons for Discrimination

Given the limitation of quantitative questions for encapsulating the aspects of labour market discrimination, the IIDS study used qualitative methods and inquired about the functioning of labour markets by asking the SC labourers direct questions. In order to delineate the nature and extent of discrimination faced by farm and non-farm casual labourers, the opinions of nearly 97 members belonging to the SC category were obtained. Such opinions clearly showed that employers belonging to higher castes prefer hiring workers belonging to their own castes or higher castes, resulting in restrictions on the hiring of the SC labourers for any work or selective works. Caste sympathy towards people of one’s own caste turned out to be one of the main reasons for preferential treatment accorded to labourers by the higher-caste employers, and such treatment was reported in about 47 per cent of the cases. Further, loyalty as a factor also figured prominently in about 45 per cent of the cases. It appeared that the perceived notion of loyalty and hard work with preference for labourers belonging to one’s own caste resulted in the exclusion of low-caste labourers from hiring in farm and non-farm activities.

The IIDS study also tried to probe whether the SC labourers were being excluded in certain categories of jobs. On the question of general denial in hiring, 62 per cent answered in the affirmative, indicating denial in employment by higher-caste employers. About 7 per cent of the respondents reported denial in hiring by higher-caste employers in any works whatsoever, 3 per cent in some seasons, and about 90 per cent reported denial of hiring in some specific works.

Regarding preference in some seasons, 36 per cent of the respondents reported denial of employment to SC labourers in some seasons by higher castes. As a corollary, in situations of employment scarcity, the practice of discrimination was on the higher side as the higher-caste employers showed preference in hiring persons of one’s own caste. About 74 per cent of the SC labourers reported denial of hiring in the processing of crops and about 9 per cent reported denial of hiring in the cutting of some crops.

In the case of non-agricultural works, SC labourers faced denial of hiring in works related to social ceremonies, followed by house construction and works in restaurants. About 81 per cent of the respondents mentioned denial of hiring in works related to social ceremonies and related household works, 7 per cent of the respondents mentioned denial of hiring in house construction works, and another 7 per cent in restaurant-related works. In sum, responses
pertaining to the denial of hiring in works related to house construction and restaurants together accounted for about 14 per cent of the total incidences of denial of employment. The SC labourers faced complete denial of works inside the houses of higher-caste persons in about 46 per cent of the cases.

Responses to qualitative questions also revealed some insights into issues related to wage rates, time intervals of wage payments, and the practice of untouchability in wage payments. Three out of ten respondents reported the payment of lower wages on account of their caste backgrounds. Regarding the time intervals of wage payment, 31 per cent of the respondents claimed irregularity in the payment of wages. About 16.5 per cent of the respondents reported wages being paid within a week and another 23.7 per cent reported that wages were being paid after a week. Further, about 22 per cent of the respondents reported the prevalence of the practice of untouchability in making payments to SC labourers who were either handed out cash from a distance or their wages were kept at some other place separately from those of other workers.

Other prominent studies, which bring out empirical evidences of labour market discrimination include a recent study undertaken by ActionAid (2005), which revealed discrimination in the labour market, in both hiring and wage payments in a significant number of sample villages. In about 36 per cent of the villages (out of a total of 550 villages), the SCs were denied wage employment in agriculture and in about 25 per cent of the villages, the SC workers faced discrimination in wage payments. The SC wage labourers thus received daily wages at a rate less than both the market wage rates and the wages paid to other workers. What was also striking was that in 37 per cent of the villages, untouchability was practised while wage payments were being dispensed—the SCs received wages in cash or kind from a ‘respectable distance’ so that the dominant caste dispensers of wages could avoid physical touch with the SCs. Belief in the notions of purity and pollution also affected the hiring of the SC wage labourers in housing construction—in about one-third of the villages, they were excluded from employment for the construction of houses. In a sizeable number of villages, the SCs were forced to carry on their traditional occupations, which are considered to be unclean and polluting.

Limited micro-level studies such as those from Andhra Pradesh (Venkateswarlu, 1990), Karnataka (Khan, 1995), and Orissa (Tripathy, 1994) also provide some empirical evidence on economic discrimination in occupation, employment, wages, and the credit markets, as well as in other economic spheres. The Andhra Pradesh study observed that the SCs faced occupational segregation and restrictions in their efforts to change their occupations. Similarly, the Karnataka study revealed that nearly 85 per cent of the SC respondents continued to be engaged in their traditional occupations, whereas, only 15 per cent were able to make switchovers. The Orissa study observed discrimination in land lease, credit, and labour markets in the rural areas. Nearly 96 per cent of the SC respondents in one village and almost all the SC respondents in the second village studied were discriminated against in wage payments, with 28 per cent in one village and 20 per cent in another faced discrimination in the payment of rent.

5. Discrimination in the Urban Labour Market

The preceding sections, besides conceptualising labour market discrimination, highlight the causal relationship between caste, social exclusion, and labour market discrimination. They also substantiate the prevalence of labour market discrimination in the rural areas by delving into important empirical studies. However, discrimination between relations and forces of production in the realm of labour markets is not limited merely to the rural areas, but is prevalent in the urban areas as well. The ensuing section ascertains its characteristics, forms, and nature again by delving into some empirical studies.
At the general level, there is considerable evidence that the recruitment methods pursued by the private sector are exclusionary and discriminatory in terms of their outcomes. In order that the best among the workforce have the opportunity to be hired, all potential candidates must have equal access to information regarding job opportunities and to the channels and processes of hiring, which is most certainly not the case. Papola (2005) in his study of the Indian industrial sector, observed that the historical analysis of the various modes and mechanisms practised by the private sector industries amply demonstrates that the system involves social exclusion and discrimination throughout the period of modern industrial development. The factory enterprises in the initial periods made use of the Jobber system, which was replaced by the institution of Labour Contractor/Officer in the 1970s, both of which turned out to be equally exclusionary and particularistic in their nature and outcomes. The National Employment Service Scheme (NESS), which followed the prevalence of these two systems, is considered to be less inequitable and discriminatory in nature. However, the use of NESS by the industry has declined over time. During the period 1949-53, 50-85 per cent of the vacancies notified by the employers were filled by people registering for jobs in employment exchanges. The figure went down to about 65 per cent during the period 1953-60, and stayed at around 60 per cent during the period 1960-68. During the 1980s, the ratio remained steady at around 55 per cent. Studies further reveal that private factories and enterprises do not use NESS in any significant way for the purposes of recruiting. Papola also provides us with a review of some of the studies. Among the workers surveyed at different centres at different points of time, those having been placed through NESS constituted about 2.2 per cent of the total placements in Pune (1957), 1.87 per cent in Ahmedabad (1971-72), 1.5 per cent in Mumbai (1975-76), and 10.6 per cent in Coimbatore (1986-87). Thus, it is apparent that the only available institutional mechanism for ensuring a fair and non-discriminatory process of recruitment has not found much favour with the private employers.

In contrast, informal channels of recruitment have been employed by the private industry on a large-scale. Some studies have also revealed the percentages of those who got jobs through informal and personalised channels. They formed more than 70 per cent in Pune (1959), 60 per cent in Mumbai (1976), and an equally high proportion in Ahmedabad (1975), Coimbatore (1986-87), and Surat (1998). Thereby, it is evident that a very high percentage of workers got jobs through personalised and insider-based recruitment processes. Papola observes that as regards the social composition of these insider groups and persons, they were presumably from socially better-endowed sections. For instance, in Pune factories, higher castes, namely, Brahmins/Marathas were over-represented, accounting for about 50 per cent of the workforce, and only 35 per cent share in the population. In Coimbatore, 49 per cent of the Brahmins were holding protected jobs as against 23 per cent among the backward castes, and 30 per cent among the SCs.

The study, based on a field survey for the urban areas by Banerjee and Knight (1991), observed that, “There is indeed discrimination by caste, particularly job discrimination—discrimination is greatest in operative jobs, in which contacts are more important for recruitment, [as] compared with white-collar jobs in which recruitment involves formal methods”.

Another study based on a recent National Sample Survey (NSS) data (Madheswaran and Attewell, 2007) found the prevalence of caste discrimination in labour markets. The study explained earning differences among the SCs and the non-SCs/STs. The study, while acknowledging that major differences in earnings accrue to human capital endowment, indicates that about 15 per cent were attributable to caste discrimination in labour markets. The findings of the study have shown that employment discrimination is substantial, especially in the private sector and that discrimination occurs, to a large extent, in unequal access to jobs.
The correspondence study by Thorat and Newman (2007) brought out discrimination of Dalits and Muslims at the initiation stage of selection, namely, in the issuing of interview calls. The methodology of the study involved submitting by postal mail several artificial applications to each job advertisement—carefully constructed to have identical educational qualifications and experience.

The core of the correspondence methodology involved submitting three identically qualified applications for the same job: one each of a Dalit, a high caste Hindu, and a Muslim aspirant. However, the study added one ‘discordant’ application to the above three applications. For jobs that requested a higher degree, one additional application from a person with a high caste name who only had a bachelor’s degree was sent. In other words, this ‘discordant’ applicant was an academically under-qualified person but belonged to a socially high-ranking group. For jobs that demanded bachelor’s degrees, a different kind of ‘discordant’ application, from a person with a Dalit name who had a master’s degree was added—this second type of ‘discordant’ applicant was over-qualified in academic terms, but had a socially lower status. The purpose of incorporating these two kinds of ‘discordant’ applicants was to arrive at yardsticks, to determine whether, in the application process, the effect of caste might outweigh or overcome that of academic qualifications or vice versa.

A total of 4,808 applications were sent for 548 job advertisements over 66 weeks, which began in October 2005. There were 450 positive outcomes of this type (9.4 per cent of all experimental applications).

The main analytical goal was to determine whether the likelihood of receiving a positive response from an employer differed on the basis of caste or religious affiliation. The study observed that there are statistically significant effects of both caste and religion on job outcomes. Appropriately qualified applicants with a Dalit name had odds of a positive outcome that were 0.67 of the odds of an equivalently qualified applicant with a high caste Hindu name. Similarly, qualified applicants with a Muslim name had odds of 0.33 of an otherwise equivalent applicant with a high-caste name. The modified model shows that the estimated effects are quite close to those from the random effects logistic regression in the previous model. For a positive job outcome, Dalits had an odds ratio outcome of 0.68 as compared to that of an otherwise equivalent high-caste applicant. Muslims had an odds ratio of 0.35 as compared to a high-caste applicant. Both coefficients were statistically significant. In sum, both models yielded consistent findings that a job applicant with a Dalit or Muslim name was, on an average, significantly less likely to have a positive application outcome than an equivalently qualified person with a high-caste Hindu name.

The two ‘discordant’ application types provide additional insights into the likelihood of an applicant gaining a positive job outcome. The odds of a positive outcome for an under-qualified high-caste applicant applying for a higher-level job were statistically significantly lower than the odds for a high-caste applicant with an appropriate qualification (an odds ratio of 0.57). The odds of success for an under-qualified high-caste applicant were not significantly different from the odds of success for an appropriately qualified Dalit. Having a high-caste name considerably improves a job applicant’s chances of a positive outcome, but if a high-caste applicant lacks the requisite credentials, his chances of success are considerably reduced.

The odds of a positive outcome for an over-qualified Dalit applicant (a) Dalit with a masters degree applying for jobs that required only a bachelor’s degree) were larger than the odds for a qualified Dalit, but were smaller than the odds ratio for a high-caste applicant with a bachelor’s degree. Although the effects were substantial in size, neither of these differences in odds was statistically significant, probably due to insufficient statistical power, because of
which the study was unable to draw any firm conclusions about the relative importance of qualifications versus caste in this specific context.

The study indicated that social exclusion is not just a residue of the past clinging to the margins of the Indian economy, nor is it limited to people of little education. On the contrary, it appears that the practices of caste favoritism and social exclusion of Dalits and Muslims have infused private enterprises even in the most dynamic modern sector of the Indian economy.

IV. CONSEQUENCES OF LABOUR MARKET DISCRIMINATION—WHY ARE WE CONCERNED ABOUT DISCRIMINATION?

The consequences of labour market discrimination would depend crucially on the functioning of social and economic institutions that operate through a network of social relations, and the degree to which they are exclusionary and discriminatory in their outcomes. Social exclusion has a sizeable impact on an individual’s access to equal opportunities if social interactions occur between groups in power/subordinate relationships. The concern about discrimination, however, arises because of its consequences on economic growth, inter-group inequalities, and inter-group conflicts among the dominant and discriminated subordinated groups.

1. On Economic Growth

The standard economic theory of discrimination indicates that economic discrimination generally generates consequences, which adversely affect overall economic efficiency and thereby economic growth. Market discrimination leads to a failure of market mechanisms, which, in turn, induces inefficiency due to misallocation of labour and other factors among firms and the economy in general.

As regards the practice of fixing occupations according to the caste system, by not permitting mobility of human labour, land, capital, and entrepreneurship across caste, the system creates segmented markets and brings imperfections in each of these markets. Thus, far from promoting competitive market situation, it creates segmented and monopolistic markets. 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 the alternative occupations. Factor immobility engenders gross inefficiencies in resource allocation and in economic outcomes (Ambedkar, 1936 and 1987b).

Economic efficiency is also affected by a reduction in job commitment and in the magnitude of investment in human capital by discriminated groups, as also by the efforts of workers who perceive themselves to be victims of discrimination, and by reducing the. In caste-based segmented markets, economic efficiency is thus lower than that posited in the model of a perfectly competitive market economy (Birdstall and Sabot, 1991).

The immobility of factors also leads to unemployment, which is typically associated with the customary rules governing employment in various occupations (Akerlof, 1980; Ambedkar, 1936 and 1987c).

By not permitting the movement of labour between occupations, caste becomes a direct cause of much of voluntary unemployment for higher castes and involuntary unemployment for low-caste persons. The higher-caste Hindus would generally prefer to be voluntarily unemployed for some time than to take up an occupation, which is considered to be polluting. For the lower castes, on the other hand, the restriction to take other caste occupations will compel them to remain involuntarily unemployed. Thus, involuntary unemployment in the case of lower castes and voluntary unemployment in case of higher castes is one of the negative outcomes of the caste system.
The economic efficiency of labour suffers severely in another manner also. Insofar as the division of occupations is not based on individual choice, individual sentiment, preference, and the natural aptitudes have no place in it. Ambedkar observed that ensuring social and individual efficiency necessitates developing 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 insofar as it involves an attempt to assign a task to an individual in advance, who is selected on the basis of not training or capacities, but an ascribed caste status (Ambedkar, 1936).

Further, some occupations are considered socially degrading, which reduce the social status of persons engaged in them. When people are forced into these occupations on account of their caste origins, they do not derive any job satisfaction. In fact, such occupations constantly provoke them to aversion, ill will, and the desire to evade the task in hand (Ambedkar, 1936). The caste system also dissociates intelligence from work and creates a contempt for physical labour. The dignity of physical labour is virtually absent in the work ethics 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 organisation) lacks several elements, which are needed to satisfy the conditions for the optimal use of resources and for ensuring optimal economic outcomes.

2. On Inequality, Poverty and Inter-group Conflict
This brings us to the consequences of discrimination and exclusion based on income distribution and poverty. The consequences of the caste system in terms of equity and poverty are more serious than those for economic growth. Since access to the source of income and economic rewards under the caste system are determined by an unequal assignment of rights, the result is an income distribution that is generally 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” (Lal, 1988). Ambedkar argued that whatever may have been the original purpose behind the origin of the caste system, but later as it evolved in its classical form, it certainly involved an economic motive, the purpose of which is income maximisation through coercion rather than economic efficiency of any sort (Ambedkar, 1936). The manner in which the customary rules and norms regarding the right to property, occupation, employment, wages, education, social status, and dignity of labour are framed and defined, involves the denial of educational, social and economic rights, and the resultant deprivation and poverty among the lower castes. Economic and educational disparities, in general, and poverty of lower castes like the former untouchables and OBCs, in particular, is a direct outcome of the unequal assignment of rights under the caste system.

There is an additional social and political cost of caste-based social exclusion. By exacerbating current inequalities among social groups and by contributing to its perpetuation from one generation to the next, it also fosters inter-group conflicts (Birdsall and Sabot, 1991). Caste-based discrimination in the access to sources of income and human development of subordinate groups, thus has the potential for inducing inter-group conflicts.

V. DYNAMICS OF DISCRIMINATION
The caste system as an institution has also undergone a significant change from its original form. Only a few have ventured to explain the dynamics of the caste system. Akerlof’s economic model of the caste system emphasised that the provision of social ostracism (with social and economic penalties involving social and economic boycott and isolation) measures against the violation of the customary rules of the caste system act as the main deterrent for any change.
The fear of being socially and economically boycotted and isolated acts as an imminent deterrent for the survival of the system. This implies that there are social costs associated with change, which discourage the caste system from being dynamic in nature (Akerlof, 1976). Scoville (1991) emphasised the role of the economic costs involved in the enforcement of the caste system. Enforcement of the system involves economic costs—transaction and enforcement—and these costs are too high for the individual members to break the rules of the system. Scoville thus located the reasons for rigidity of the caste system into enormous economic costs, which inhibit a change in the customary rules governing the caste system. This implies that in a situation of low economic costs, the inefficient rules governing the caste system would change and make the system dynamic.

The “cost and efficiency” explanation, however, remains silent about the other motives behind discrimination. Marxist and Ambedkarian explanations go beyond the “costs and efficiency” explanation and emphasise the role of social, educational, and economic gains of monopolisation accruing to persons of higher castes as a reason for the perpetuity of the caste system. The higher castes will continue to support the caste system as long as it brings gains in the social, economic, and educational spheres. The customary rules governing the social and economic relations, and those relating to education under the caste system would change, if the alternative (or new) rules yield higher economic and social gains to the higher castes. Conversely, traditional rules would continue if the alternative rules (or new rules) yield lesser gains to higher-caste persons. Ambedkar further added that a change in the ideas about human rights and equality also induces change in the social relations, insofar as the concept of human rights and justice involved under the caste system is contrary to the modern tenets of human rights and justice.

Thus, prevailing theoretical literature indicates that changes in the caste system will depend on the relative magnitude of social costs (in terms of social isolation/standing), economic costs (that is, transaction and enforcement costs), and the social and economic gains associated with change. It will also depend on the extent of acceptability of the modern ideas about human rights, justice, and equality. The lesser gains to higher castes in the existing system (as compared with gains in the system governed by new rules) and the low social and economic costs of such a change will induce a change in the traditional social and economic relations of the caste system. Similarly, the recognition and pursuit of human rights and justice will also induce a change in the system. Conversely, if the gains to higher castes in the social, education, and economic spheres in the traditional system are higher and the cost of change is high, 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 higher castes to opt for change.

VI. REMEDIES AGAINST DISCRIMINATION—FREE MARKET VERSUS INTERVENTIONIST POLICY

Given the adverse consequences of economic and social discrimination, reducing discrimination is thus a worthwhile strategy because it is likely to increase economic efficiency and growth, and reduce poverty and inequality, besides which it also has the potential to minimise conflicts between groups. How to overcome discrimination has been the subject of a central concern of social and economic theories. Two alternative solutions have emerged in economic literature. One theoretical strand predicts that in highly competitive markets, discrimination will prove to be a transitory phenomenon as there are costs associated with discrimination to the firms/employers, which result in a lowering of profits. Firms/employers who indulge in discrimination
face the ultimate sanction imposed by the markets. This theory sees the resulting erosion of profits as a self-correcting solution for eliminating discrimination. This view would suggest the promotion of competitive markets to reduce economic and social discrimination.

However, others have argued for different policy measures to overcome economic and social discrimination. This school of thought believes that there are several reasons why economic discrimination might persist over long periods. Firstly, even if the markets are sufficiently competitive, exclusion and discrimination will continue to persist—the persistence of decades of labour market discrimination in high-income countries attests to that. Secondly, in reality, not all markets are competitive. Indeed, in most of the economies, the markets are highly imperfect and are governed by oligopoly and monopolistic market situations, which empowers the firms to discriminate at will.

The inherent limitations of competitive markets as a solution has been aptly summarised by Darity and Shulman (1989) as under:

“The analytical stance of mainstream neo-classical economists is characterised as methodological individualism and it presumes that economic institutions are structured such that society-wide outcomes result from an aggregation of individual behaviours. It is presumed that if individuals act on the basis of pecuniary self-interests, then market dynamics dictate equal treatment for equal individuals, regardless of inscriptive characteristics such as race. Consequently, observed group inequality is attributed to familial, educational, or other background differences among individuals who are unevenly distributed between social groups. The causes of a dissimilar distribution of individuals between social groups may be genetic, cultural, historical, or some combination thereof. The differences in cultural attributes include the value families and neighbourhoods place on education, attitudes, and work habits. The historical refers primarily to the impact of past discrimination on current inequality. In contrast, economists who may be classified as methodological structuralists do not accept this interpretation. Structuralism as an analytical method holds that aggregate outcomes are not the result of a simple summation of individual behaviours, but rather arise from the constraints and incentives imposed by organisational and social hierarchies. In this view, individual behaviour achieves its importance within the context of group formation, cooperation, and conflict. Economic and political outcomes are, thus, a function of the hegemony exercised by dominant groups, the resistance offered by subordinate groups, and the institutions that mediate their relationship. Discrimination, in this view, is an inherent feature of [the] economic system. Competition is either not powerful enough to offset the group dynamics of identity and interest, or it actually operates so as to sustain discriminatory behaviours. Discrimination is due to the dynamics of group identification, competition and conflict rather than irrational, individual attitudes. Market mechanisms, far from being relied upon to eliminate discrimination of their own accord, must be scrutinised and pressured to further the goal of equality of opportunity.”

These two views have different policy implications for overcoming discrimination. One view, which predicts discrimination to be self-correcting, argues for strengthening competitive market mechanisms. The alternative view asserts that market discrimination will persist, despite the presence of competitive market forces or for other reasons and therefore, the interventionist policies will be necessary. In their view, correcting discrimination would require legal safeguards against discrimination and policies for facilitating an equal share in various spheres. It calls for state interventions, not only in land, labour and capital markets, but also in product and consumer
markets, and social needs such as education, housing and health. Central to this view is the exposition that discriminated groups face discrimination in transactions channelised through market and non-market situations, and in that regard, their discrimination is multiple and plural in nature.

VII. EMPOWERMENT AND EQUAL OPPORTUNITY POLICY

The current discourse is caught up in a conundrum of developing reservation policies for groups and communities suffering from social, educational and economic exclusion associated with caste, ethnicity, gender, and religious identities. The alternative ways of overcoming deprivation have been suggested by social scientists engaged in the discussion, particularly, in the context of reservation in the private sector for SC and ST and the extension of the reservation policy in education for the OBCs, low-caste converts to Islam and Christianity, and certain religious minority groups such as the Muslims, including the political reservation for the women. Two alternative sets of remedies, which can be grouped into the strategy of “Social and Economic Empowerment” and of “Equal Opportunity”, emerge from the extensive discussion. We therefore discuss the relative merit and relevance of these two alternative policies.

The policy of social and economic empowerment is essentially directed towards improving the ownership of capital assets like agricultural land, capital for business, entrepreneurial skills, and educational level and skills of discriminated groups. These measures are supposed to augment the capacities of discriminated groups to undertake businesses and to enhance their employability by promoting their educational and skill development. Also, it appears that there is a general recognition of the need to empower discriminated groups—lower castes, particularly the former untouchables, OBCs, women, and some religious minority groups—to counter the denial of equal economic rights to them in the past. However, when it comes to providing equal opportunities through instruments of reservation and other similar methods, the contention does not find similar favour. It is argued that labour, other markets, and educational institutions generally work in a value-neutral manner and their access to markets is therefore, determined by merit and efficiency alone. As such, there is no need for safeguards against possible market and non-market discrimination. Thus, while policies for the general social, educational, and economic empowerment of discriminated groups are favoured, those ensuring equal share and participation in terms of reservations are marked with differences.

What are the insights from the theoretical and empirical literature on this policy issue? It is necessary to recognise that the problem of discriminated groups like the SCs, the STs, women, and religious minorities is dual in nature. First is their lack of access to income-earning capital assets like agricultural land and capital for undertaking businesses, gaining access to quality employment, and acquiring education and skills due to denial of the same in the past for long periods of time, the consequences of which are visible even in contemporary times in the form of inter-group inequalities in several indicators of human development. Second is the continuation of discrimination in the various markets and non-market transactions in the present, in some forms, if not all. This is particularly true in case of the lower castes in Hindu society. Therefore, the problem of discriminated groups requires a dual solution—one set of remedies for improving the ownership of land and capital assets, quality employment, and augmenting their educational levels as compensation for denial in the past, and another set of remedies to provide safeguards against discrimination in the present. While the former is based on the principle of justification as a compensation for denial of rights in the past (the consequences of which are visible in the present), the latter is based on the assumption of providing safeguards against discrimination in the present, in various market and non-market
transactions, and ensuring due share and participation in employment, education, businesses, legislature, and other supportive services.

It is expected that policies of social, educational, and economic empowerment will help enhance the capacities of discriminated groups to take advantage of the ongoing social and economic progress. Improved access to income-earning assets will improve the capacities of the discriminated groups and enable them to partake in business activities. Educational and skill development is expected to increase employability and enable them to access jobs in both the private and public sectors.

However, it necessary to recognise that economic and educational empowerment alone will not suffice, as it will only empower the discriminated groups by enabling them to make use of ongoing economic and social progress. It will not be able to prevent continuing discrimination in market and non-market transactions including the supply of social needs such as education and health. In the absence of equal opportunity policies in the form of reservation, the excluded and the marginalised groups may continue to face discrimination in the form of denial to access in private employment, education, businesses, and civil amenities like housing, electricity, and water, and other spheres. It is precisely for this reason that complementary equal opportunity policies (complementary to the policy of general economic empowerment) are developed in the form of reservation policy to ensure that the discriminated groups get a fair share in employment, education, selectively in capital for businesses, and civic and other amenities, in addition to the policies for social and economic empowerment. The complementary nature of these two policies will ultimately help the historically discriminated groups to receive their due share in the economic and social progress of the nation.

VIII. GRADED CASTE INEQUALITY, NON–CASTE DISCRIMINATIONS AND INCLUSIVE POLICY

Currently we are discussing the alternative policies not only for those groups who suffered from caste discrimination in Hindu and non-Hindu folds but also the groups that suffered from the discrimination associated with gender and religion. Indian society is characterised by multiple forms of exclusion associated with group identities like caste, ethnicity, gender, religion, and others in various spheres of our society, polity, and economy. Therefore, addressing such forms of exclusion requires inclusive policies to overcome deprivation and other forms of exclusion. Presumably the development experience of the last 50 years makes some groups believe that the benefits of social and economic development have not been shared fairly by these groups. Therefore, those who have experienced exclusion or derived limited benefits from social and economic development are now seeking solutions to their group-specific problems. It is in this background that various new groups have began to demand for the group specific policies to ensure due share to them.

The issue of developing inclusive policies for different groups suffering from exclusion associated with caste, ethnicity, religion, and gender is thus, currently being discussed by policymakers in India. The lessons from theoretical and empirical literature imply that the nature of inclusive policies for various discriminated groups will have to be necessarily guided by an understanding of the exclusionary character of Hindu and non-Hindu communities within the Indian society. The policy framework will also be necessarily governed by the forms and spheres of discrimination and their consequences for the discriminated groups.

The development of “inclusive policies” will require the use of both policies that we have discussed in the preceding section, namely, the policy of economic empowerment and policy of equal opportunity (in the form of reservation). However, nature of equal opportunity policies
in the form of reservation and/or similar forms for various caste groups within the Hindu fold and non-Hindu fold may require us to take into consideration the specific features of the caste system, as well as the feature of religion and gender discrimination in terms of their exclusionary character, with wider social and economic ramifications on different castes within the Hindu and the non-Hindu fold and women and religious groups.

As regards the Hindu society we need to recognize the unique feature of caste system. As discussed earlier the core governing principle of the caste system is not inequality alone, but “graded inequality”, which implies hierarchical-unequal entitlement of rights to various castes. With the entitlement to rights being hierarchically unequal, every caste (except the higher castes) suffers from a degree of denial and exclusion. But all suffering castes do not suffer equally. Some suffer more and some less. The loss of rights is not uniform across caste groups. As one moved down the caste hierarchy, the rights and privileges also get reduced. By implication, castes located at the bottom of the caste hierarchy, such as the untouchables, suffered the most. The OBCs follow closely the SCs. Though the OBCs have probably not suffered from the practice of untouchability, and residential and social isolation as much as the SCs, but historically, they too have faced exclusion in education, employment, and certain other spheres.

The system of graded entitlement to rights results in disparities in the social, economic, and educational conditions of different caste groups. The lesson we ought to learn from this is that given the differential impact on each caste, the policies against discrimination and deprivation need to be group-specific and to be governed by specific social, economic, and educational conditions of each caste. Thus, given the general exclusionary character of Hindu society, in which every caste except the highest caste suffers from the denial of rights, developing inclusive policies will require a common policy of social inclusion to ensure equal participation for all castes in various spheres of society. However, additionally this policy will also have to be combined with group-specific policies of inclusiveness. By implication, equal opportunity policies will necessarily be different for different caste groups depending on the nature of discrimination faced by them and their social, economic, and educational situations.

In case of the non-Hindu communities, some elements of the Hindu caste system seem to have been carried forward and have had a spillover effect insofar as the low-caste converts to other religions are concerned. Therefore, lower-caste converts to Christianity, Islam, Buddhism and Sikhism also face discrimination, though not in the same forms and manifestations as the Hindu low castes. Therefore their group-specific problems need to be addressed.

Certain religious minorities, particularly the Muslims, also face discrimination as a religious group in a number of spheres, as reflected in their poorer performance with respect to the relevant human development indicators. Similarly, women too face gender exclusion, though the extent of the discrimination varies with their caste, class, and religious backgrounds. Some groups such as the STs and semi-nomadic tribes suffer from isolation and exclusion due to their ethnic backgrounds.

Due to variations in the forms and spheres of discrimination, the consequences of deprivation and poverty across various discriminated groups will surely vary. Although, unlike in the case of the SCs and the STs, in the case of other discriminated groups there are limited studies regarding the forms, nature, and manifestations of discrimination. However the visible presence of inter-group inequalities in various indicators of human development points towards the consequences of historical discrimination, reflected in differential access to income-earning assets, property, businesses, employment, education, and civil rights in varying degrees for various castes and other groups. Thus equal opportunity policies for the different groups would vary depending on the nature of discrimination faced by each of these excluded groups and their present social, educational, economic, and political standing.
There are two important aspects, which need to be considered in formulation of “inclusive policies” in the form “equal opportunity policies” for all discriminated groups in the Indian society. Firstly, insofar as the bulk of discriminated persons also happen to constitute the poor, pro-poor policies of a general nature are required to combat the lack of access to income earning assets, education and employment. Special programs are needed to improve the access to income earning assets and also skills and educational levels and consequently enhance the employability of these sections. Since these sections, particularly, the SCs, the STs, the OBCs and women have been denied the right to education in the past, measures are required to compensate for this denial. Other groups constituting religious minorities like the Muslims also suffer from lower levels of education, which needs to be remedied. Thus besides education, there is a need to incorporate measures to improve the ownership of income-earning capital assets such as agricultural land and non-land capital assets. Further, such policy interventions will require the augmentation of social needs like access to housing, electricity, and water.

Secondly, general pro-poor policies of social and economic empowerment will need to be supplemented by “equal opportunity policies”. The realm of general policies would be limited to compensating the discriminated groups for the denial of equal rights in the past, which other have enjoyed. However, given the continued discrimination faced by such groups, (the evidence on which has been provided in the relevant section in this paper) general policies will have to be supplemented by taking into account the group-specific dimensions of various social groups, minorities, and women in order to ensure them fair access to employment, capital assets, and social needs like education and housing, among others. This we have done through the instrument of reservation policies in various spheres. What forms these should take? In this respect there are lessons to be learned from international experience.

The experiences of various countries and those of our own, indicate that governments have used a few measures separately or in combination as part of an equal opportunity policy. Generally, a few components characterise the equal opportunity policy. It incorporates legal safeguards against discrimination in multiple spheres of society, polity, and economy as remedial steps. This generally takes the form of enactment of laws against discrimination such as the Civil Rights Act in the United States of America or the Protection of Civil Rights Act in India (formerly known as Anti-Untouchability Act, 1955 and Prevention of Atrocities Act, 1989). These acts are necessary to provide legal safeguards so that in the event of discrimination, an individual can take recourse to these legal provisions. Secondly, the equal opportunity policy recognises that though legal provisions are a necessary pre-condition to overcome discrimination, they alone are not enough. It is recognised that laws cannot overcome the consequences of historical exclusion in the past, in terms of the denial of basic rights in education, in gaining access to income-earning assets, employment, civil rights, and other spheres. Further, laws have their own limitations in overcoming the consequences of exclusion and discrimination suffered by discriminated groups in the past and also in the present. In fact, the residual impacts of discrimination in the past and present are reflected in the poor performance of discriminated groups with respect to the necessary indicators of human development as well as in their participation in the executive, governance and legislature at the Centre and the states.

Therefore, an equal opportunity policy will require specific policy measures to ensure equal share and participation of the discriminated groups in various spheres of society, polity, and economy such as legislature, executive, employment in the private and public sectors, education, public housing and other spheres. A reservation policy will also have to ensure their due share in income-earning assets, employment in the private and public sectors, education,
civic amenities like housing and other services, and their participation in the executive (including decision-making and monitoring). Such a “inclusive policy” is necessary to break the inter-generational cumulative transmission of disadvantages within these groups.

Besides the policy of equal access in employment and education, policies for ensuring the participation of discriminated groups in executive and legislature are equally important. Representation of the discriminated groups becomes meaningful only when they participate in administration and decision-making processes at all levels, as it brings their experiences as well as sensitivities to the centre stage. Therefore, participation of the discriminated groups in the governance processes at all levels—from legislature to the drafting policies, their execution and monitoring—is necessary. Further, representation and participation of the discriminated groups in governance is central to the development of inclusive policies and towards building an inclusive society.

There are legal and other mechanisms, which have been used internationally and nationally to operationalise the two dimensions (mentioned above) of equal opportunity policy. It is imperative to embody provisions with respect to equal rights and protection against violation of rights in the Constitution. If a society practises discrimination, then the impetus for change should come from both the State and the civil society. Private initiatives by civil society and the private sector in the form of reforms of society for ensuring equal human rights are necessary. However, since the State has its own social justice concerns and responsibilities, it is obligatory on its part to develop legal and other remedial recourses for ensuring safeguards, fair access, and participation of the discriminated groups.

In sum, the development of “inclusive policies” will involve three necessary components. Firstly, it should include general pro-poor policies for the benefit of the poor as a whole. Secondly, equal opportunity policies for discriminated groups will need to incorporate laws against discrimination and pro-active measures in the form of reservation to ensure equal share in income-earning capital assets, employment (public and private), social needs like education and housing, and participation in governance through fair share in legislature, executive, and administration, with necessary provisions in the Constitution and laws. It is necessary to recognise that while there will be some common features of inclusive policies cutting across all discriminated groups, different equal opportunity policies will need to be devised for different discriminated groups such as the SCs, the STs, the OBCs, women, semi-nomadic and de-notified tribes, differently abled, and religious minorities, depending upon the nature and form of their deprivation and discrimination. Since our society, economy, and polity are characterised by exclusion and isolation of various types and magnitudes, it is imperative to develop a comprehensive, inclusive policy to ensure the fair representation and participation of the hitherto excluded sections. Only when the polity, society, and economy are more inclusive and participatory, the democracy as a means of governance become meaningful for one and all.

IX. MAKING THE INVISIBLE VISIBLE IN STATISTICS AND SOCIAL RESEARCH

Improving the ability to gather data disaggregated by caste, gender, ethnicity, religion, disability, and other features associated with exclusion is essentially the foremost step for governments towards promoting inclusion. Such information is necessary for designing better programmes and for more effective targeting and programme evaluation (Buvinic, 2005). Several countries in Latin America and elsewhere include questions on ethnicity and race in their population censuses. In addition, specialised household surveys are conducted, which include questions regarding the changing situation of excluded groups. In India, it is necessary
for the national statistical data system, which includes the population census and specialised household surveys such as the National Sample Survey, National Family Planning and Health Survey (NFHS), and others to include specific questions related to excluded groups, covering their situation and also delineating the multiple nature and forms of discrimination they suffer.

Notes
1. The definition of labour market discrimination employed in the paper was developed and used in Labour Market and Occupational Discrimination in Rural Areas, Sukhadeo Thorat, Motilal Mahamallik and Ananth Panth, IIDS, 2003.
2. IIDS has used both methods in studies on market discrimination. For further details, see four papers on “Caste and Economic Discrimination”, Special Issue, Economic and Political Weekly, 16-21 October, 2007, and also refer to Labour Market and Occupational Discrimination in Rural Areas, Sukhadeo Thorat, Motilal Mahamallik, and Ananth Panth, IIDS, New Delhi, 2003.

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