## Invited Article

# Quest for Equality: Affirmative Action in India

**Ashwini Deshpande**

*Substantial gaps exist between SCs and Others in access to education, quality of education, attitude of teachers, and access to learning-enhancing resources, exacerbated by active discrimination inside schools. While the majority of Dalits are not directly affected by Affirmative Action, the programme enables many of them to escape subservient roles. Affirmative Action in India needs stronger implementation. Provision of quotas should be seen as the beginning of Affirmative Action, not its end. Supplementary measures have crucial implications for the success or failure of the programme, argues the paper.*

***Ashwini Deshpande*** is from the Department of Economics, Delhi School of Economics, University of Delhi, Delhi-110007. E-mail: ashwini@econdse.org

### The Background

As is well known, the caste system in India consists of mutually exclusive, endogamous, hereditary, occupation specific groups. In its ancient manifestation, the roughly 2500 year old *Varna* system, there were four broad groups: *brahmins* (priests and teachers), *kshatriyas* (warriors, often royalty), *vaisyas* (traders, retailers, money lenders), *sudras* (manual jobs). At some point in its evolution, the *sudras* split into two groups, giving rise to the group of the *ati-sudras* who did the most menial jobs. These were regarded below the line of ritual purity and were regarded as untouchables[1]. First references to the practice of untouchability can be seen circa 1020 AD. Thus, even though untouchability arises later than the caste system itself, it is old enough to be considered an integral part of the caste system.

Over time, as the economy grew more complex, and as new castes

1 These individuals were considered too low to be assigned a *varna*, and were thus the *avarnas* (sans *varna*), in contrast to *savarnas*. They were thus a part of the *varna* system by being outside its fold or by virtue of being excluded.

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emerged, *varnas* got transformed into *jatis,* which are essentially regional caste groupings. While the *jati* system shares many similarities with the *varna* system, the *jatis* are not clear subset of *varnas*. Even the exact number of *jatis* is not known with certainty; it is estimated somewhere between 2000 and 3000. The *varna-jati* link is fluid, except at the very top and bottom. It is also important to note that the link between *jati* and occupation is less straightforward than that between *varna* and occupation.

Thus, the *jati* system should be understood as a system of graded inequality, not a dichotomous hierarchy between "upper castes" and "lower castes". In addition, the caste system has not remained static: migration, emulation, isolation, segregation, occupational specialization, conversion, incorporation of tribal groups – all these factors have resulted in addition, fission and fusion of castes and changes in their relative standing.

In contemporary settings, the direct link between caste (*jati*) and traditional occupations is broken to a large extent for middle and upper castes, in that individuals belonging to these sections would choose their occupation not necessarily with regard to their traditional occupations. However, it can be argued that despite the weakening and in some cases, disappearance of this link, the overlap between caste and status persists. "Polluting" jobs are still done by the castes to which they were traditionally assigned: an unemployed Brahmin would rather remain unemployed rather than become a scavenger, the most stigmatized of the lot. Thus, the identification of the ex-untouchable *jatis* in terms of their placement in the *varna* scale is more straightforward, as compared to the other *jatis*, where it is more difficult and controversial to assign a *varna* tag. However, for the record, it needs to be noted that under the *jajmani* system, there were various rules governing the range of social and economic interactions between *jatis.* Thus, a variety of interactions might be prohibited (or conversely, certain interactions allowed) between a set of *jatis*. Untouchability, then, is not a dichotomous concept; however, there are *jatis* below the line of ritual purity that, traditionally, would be considered completely untouchable.

**The problem**

Thus, ex- untouchable *jatis* (*ati-sudras*) are subjected to deprivation, discrimination, oppression, violence, exclusion and a stigmatized ethnic identity. The question that needs to be asked is whether this discrimination and deprivation is a legacy of the past, viz., a result of the accumulation of historical disadvantage or is it perpetuated by the contemporary economic system in the present?

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From an economist's point of view, this needs to be verified empirically. The last *jati* based census in India was in 1931. Thus, there is no macro-level data by *jati*. Data collection is defined by the needs of the affirmative action programme that initially defined three, and now four, broad groups: Scheduled Castes (ex-untouchable *jatis,* SC), on average about 16 percent of the Indian population; Scheduled Tribes (ST), on average about 7 percent of the Indian population; Other Backward Castes (OBCs), not yet counted by the census; however, according to the 61st round of the NSS (2004-05), these constitute 43 percent of the rural and 34 percent of the urban population and Others (the residual; everyone else). Given that data do not allow us to isolate the upper castes, it needs to be emphasized at the outset that calculations based on this categorization will *underestimate* the disparity between the two ends of the *jati* spectrum. While the term Scheduled Castes is a product of this official terminology, the ex-untouchable *jatis* prefer to self- identify themselves as "*dalit*" – a term of pride, meaning "oppressed" or "broken".

## Caste-based Affirmative Action

There are the following four broad factors that justify caste-based Affirmative Action in India:

1. Material disparities: monthly per capita expenditure, caste development index.
2. Labour market discrimination: wage and job discrimination, especially in urban formal sector labour markets.
3. Stigmatized ethnic identity.
4. Historical origins of untouchability, but perpetuated by the contemporary socio-economic system.

For the present paper, we will focus on the first two factors.

### 1. Material Disparities

Deshpande (2001, 2007) develops and discusses the Caste Development Index (CDI) that is calculated using the various rounds of the National Family and Health Survey (NFHS) data. There have been three rounds of this survey: 1992-93; 1998-99 and 2004-05. They cover the decade when the Indian economy has been rapidly liberalized and increasingly integrated with the global economy, and one that has been marked by a high overall rate of growth. The index is based on five indicators: land, livestock, occupation, education, consumer durables and is constructed to yield a value between 0 and 1, with higher values corresponding to higher standard of living in terms of these five indicators. Since the first round of data did not have an OBC category, the index is calculated for three categories: SC, ST, and Others, to maintain comparability between rounds. The gap between CDIs for SCs and for the Others can be seen as a rough measure of inter-

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caste disparity, subject to the caveat mentioned above, viz., that it would be an underestimate of the disparity between the top and the bottom of the *jati* spectrum.

Summing up the evidence from the CDI, there is substantial regional variation, both in the values of the CDI for SCs as well as in the inter-caste disparity. However, across all the states and data points, Others are better-off than SCs, indicating the persistence of caste-based disparities. Also, as Chart 1 illustrates, there is no clear relationship between the CDI for SCs, inter-caste disparities and the material prosperity of the state, measured by per capita real state domestic product.

**Chart 1 : CDI, Disparity and Real Per Capita SDP**

| | PC Real SDP | | | Disparity | | | CDI SC | | |
|---|---|---|---|---|---|---|---|---|---|
| Ranks | 1993-94 | 1998-99 | 2002-03 | 1992-93 | 1998-99 | 2004-05 | 1992-93 | 1998-99 | 2004-05 |
| 1 | Delhi | Delhi | **Delhi** | Haryana | Tamil Nadu | **Tamil Nadu** | Himachal Pradesh | Delhi | **Delhi** |
| 2 | Punjab | Punjab | Maharashtra | Delhi | Madhya Pradesh | Rajasthan | Jammu | Maharashtra | Gujarat |
| 3 | Maharashtra | Maharashtra | Punjab | Punjab | Karnataka | Madhya Pradesh | Rajasthan | Punjab | Maharashtra |
| 4 | Haryana | Gujarat | Haryana | Bihar | Bihar | Bihar | Delhi | Gujarat | Assam |
| 5 | Gujarat | Haryana | Gujarat | Himachal Pradesh | Andhra Pradesh | Delhi | Punjab | Jammu | Himachal pradesh |
| 6 | Tamil Nadu | Tamil Nadu | **Tamil Nadu** | Jammu | Haryana | Gujarat | Assam | Haryana | Jammu kashmir |
| 7 | Kerala | Karnataka | Himachal Pradesh | Madhya Pradesh | Orissa | Uttar pradesh | Madhya | Himachal Pradesh | Haryana |
| 8 | Himachal Pradesh | Himachal Pradesh | Karnataka | Maharashtra | Punjab | Punjab | Gujarat | Assam | Punjab |
| 9 | Karnataka | Kerala | Kerala | Orissa | New Delhi | Andhra Pradesh | Haryana | Kerala | Rajasthan |
| 10 | Andhra Pradesh | Andhra Pradesh | West Bengal | Andhra Pradesh | Gujarat | Orissa | Uttar Pradesh | Madhya Pradesh | **Madhya Pradesh** |
| 11 | West Bengal | West Bengal | Andhra pradesh | Tamil Nadu | Uttar Pradesh | Haryana | Maharashtra | Rajasthan | Uttar Pradesh |
| 12 | Madhya Pradesh | Rajasthan | **Rajasthan** | Karnataka | Rajasthan | Kerala | Karnataka | Uttar Pradesh | Kerala |
| 13 | Jammu & Kashmir | Madhya Pradesh | **Madhya Pradesh** | Rajasthan | Kerala | Himachal Pradesh | West Bengal | Tamil Nadu | **Tamil Nadu** |
| 14 | Rajasthan | Jammu & Kashmir | Assam | Gujarat | West Bengal | Jammu & Kashmir | Orissa | Karnataka | West Bengal |
| 15 | Assam | Assam | Orissa | West Bengal | Himachal Pradesh | Maharashtra | Andhra | West | Bengal |
| 16 | Uttar pradesh | Orissa | Uttar pradesh | Kerala | Assam | Karnataka | Kerala | Andhra pradesh | Karnataka |
| 17 | Orissa | Uttar | Bihar | Assam | Jammu | West | Bihar | Bihar | Orissa |
| 18 | Bihar | Bihar | N/A | Uttar | Maharashtra | | Assam | Tamil | Orissa |
| Bihar | | | | | | | | | |

Source of PC real SDP: www.indiastat.com
Disparity and CDI are author's own calculations from NFHS I, II and III
Only those states that are common to all 3 rounds have been retained in this table

For instance, Tamil Nadu is ranked 6th in per capita real SDP in 2002-03, but has the highest disparity for the corresponding period and is in the lower half in the CDI for SCs. Thus, the relative material prosperity of the state does not guarantee lower disparity or higher CDI. However, a relatively poorer state, e.g., Madhya Pradesh or Rajasthan has similar rankings as Tamil Nadu on the other two indicators. This suggests that while a higher level of real SDP might be desirable for other reasons, it may or may not affect the pattern of caste disparity or the absolute standard of living for SCs.

Similarly, the evidence from the distribution of monthly per capita expenditure (MPCE) from the NSS unequivocally establishes the persistent disparity between SCs and Others over the last two decades. In addition to the gaps in levels of monthly per capita consumption expenditure (MPCE), the rate of growth of MPCE is also lower for SCs, as compared to Others. Poverty rates display a similar pattern.

**2. Labour Market Discrimination**

The tendency for labour markets to discriminate is global: there are systematic differences in labour market outcomes among social groups in nearly all countries. The specific social group(s) differs, depending on the country: the salient difference could be by race, religion, language, region, and/or gender. In India too, there are several dimensions along which labour market discrimination manifests itself: religion, region and gender are the most important markers of disparity and discrimination. However, here we focus on caste discrimination in labour markets.

Average wages for SCs and Others differ across all occupation categories. The question is whether this difference in average wages simply reflects the differences in education and skill levels between the two groups or whether the wage gap persists even after human capital or endowment differences have been accounted for. Also, what needs to be determined is whether labour markets display job discrimination (wages differ because the two groups end up in different parts of the job spectrum) or wage discrimination (wages differ because members of groups get paid differently in the same job), or both, in which case, which of the two might be more important. Thus, there are studies that have decomposed the wage gap into two components: "explained" (by wage earning characteristics) and "unexplained" or "discriminatory": that part of the wage gap which remains even after all possible wage earning characteristics are accounted for.

**There are substantial gaps between SCs and Others in access to education, quality of education, attitude of teachers, access to resources that could enhance learning, exacerbated by evidence of active discrimination inside schools.**

The fact that the two groups enter the labour market with substantial endowment differences indicates pre-market discrimination for which there is ample evidence in the literature. There are substantial gaps between SCs and Others in access to education, quality of education, attitude of teachers, access to resources that could enhance learning, exacerbated by evidence of active discrimination inside schools (for the latter, see for example, Nambissan 2007).

The evidence on the persistence of caste based discrimination in rural areas is perhaps not as striking as the evidence from urban areas, especially in the modern, formal sector jobs. Caste is supposed to be anonymous in urban settings; identification of caste is difficult, since jatis are not divided according to differences in phenotype. Additionally, urban markets are supposed to respond to "merit" and so even if hypothetically caste could be identified, it is not supposed to matter.

However, the latest and most comprehensive evidence on urban labour market discrimination (Madheswaran & Attewell 2007), based on NSS data from 1983 to 2000, suggests first, that human capital differences between SCs and non-SCs have been narrowing since the 1980s. Thus, ceteris paribus, if urban markets were free of discrimination, wage gaps should be narrower. However, raw wage differentials increased overall. Also, the study indicates that SCs-STs have lower rate of return to education at all levels. Wage discrimination first increased then declined. It is job discrimination that turns out to be very important: discrimination operates through occupational segregation. Their results indicate that of the gross wage difference, 24.9 percent is explained by endowment differences; 18.6 percent by occupational difference; 20.9 percent by wage discrimination and 35.4% by occupational discrimination**.** Another noteworthy result from their study is that labour market discrimination exists both in public and private sectors; however, given the presence of affirmative action, it is smaller in the former.

In the first major correspondence study in India, Thorat and Attewell (2007) sent out identical resumes to private companies, both domestic and MNCs, in New Delhi during 2005-06. The applicants asked to be called back for an interview. The only difference in the resumes was the easily identifiable names of applicants and three categories were used: Hindu upper caste, Hindu Dalit, and Muslims. The study revealed significant differences in call-backs between Hindu upper castes and the rest.

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Both international evidence as well as economic theory suggests that markets are compatible with discrimination. There are studies of hiring practices that emphasise the role of networks and that of informal and personalised re-cruitment, "who you know" is often more important than "what you know"

(Royster 2003, Deshpande & Newman 2007). Employers find this convenient and "efficient": minimises recruitment costs, ensures commitment and loyalty, minimises transaction costs of disciplining workers and handling disputes and grievances. Jodhka and Newman (2007), in an employer attitude survey, find that employers, including MNCs use the language of merit. However, managers are blind to the unequal playing field which produces "merit". Commitment to merit is voiced alongside convictions that merit is distributed by caste and region. Thus, qualities of individuals are replaced by stereotypes that, at best, will make it harder for a highly qualified job applicant to gain recognition for his/her skills and accomplishments.

The evidence on material disparities and labour market outcomes, thus, unambiguously points towards the persistence of disparities and discrimination against SC-STs, and in addition to the evidence from the CDI and real SDP, offers a strong case in favour of having an Affirmative Action programme.

**Affirmative Action in India**

The Affirmative Action programme in India owes its origin to the British rule, which, in addition to starting caste based quotas in some parts of the country, also resulted in the establishment of a nationwide legal system with the norm of "equality before the law". As Marc Galanter (1984) discusses, there were two broad approaches to untouchability that dominated the public discourse in the first half of the twentieth century: one, the evangelical one, espoused by Mahatma Gandhi, which emphasised moral regeneration and philanthropic uplift. The other, the secular approach of B.R. Ambedkar, stressed the urgency of civic and economic improvement under government auspices. It is the latter that gave rise to an Affirmative Action programme in the form of constitutionally mandated compensatory discrimination provisions.

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Articles 15(4) and 16(4) of the Indian constitution provide for 22.5 percent quotas in state run institutions and jobs. The same proportion of seats is also reserved for SCs-STs at all the levels of governance. There is now a move to extend Affirmative Action to OBCs, but first, that is not constitution-ally mandated and second, it is more controversial, since the OBC issue is not a simple extension of the Dalit experience. For reasons of space, this paper will only focus on Affirmative Action towards SCs-STs.

Any consideration of social justice involves a discussion of the principles of "equality in law" versus "equality in fact". Thus, while Indian law guarantees equal treatment to all citizens,

irrespective of the social group, the question is whether in fact, individuals are treated equally. The Constitution also prohibits discrimination (Article 15), untouchability (Article17) and forced labour (Article 23). However, it is clear that despite these provisions, covert and overt instances of untouchability and discrimination continue. The Affirmative Action programme does not target all these aspects, but its main aim is to provide employment, increase representation and improve the relative status of SCs-STs.

**While the majority of Dalits are not directly affected by Affirmative Action, it is equally true that the programme enables many Dalit families to escape subservient roles.**

It is worth reiterating that the Affirmative Action programme, being confined to the public sector is, by definition, restricted in its scope. Galanter (1984) undertakes a crude but comprehensive assessment of the Affirmative Action programme. He finds evidence of substantial redistributive effects, despite weak implementation, as now the access to education and jobs spread wider in the caste spectrum. There is also evidence of clustering ('creamy layer'); however, clustering is a characteristic of government programme. On the positive side, creamy layer can be seen as evidence of social mobility. While the majority of Dalits are not directly affected by Affirmative Action, it is equally true that the programme enables many Dalit families to escape subservient roles. Political reservation has increased redistribution of resources in favour of the beneficiary groups. This is also supported by other evidence, for instance, Pande (2003).

However, resentment of preferences is widespread. As Galanter emphasises, what needs to be noted is that hostility towards beneficiary groups exists independently of preferences. Also, the hope is that in the long run, acquisition of education and jobs weaken the stigmatising association of SCs with ignorance and incompetence.

**Alternatives to Quotas**

International evidence suggests that neither growth nor strong market orientation alone reduces/ eliminates inter-group disparity and discrimination (Darity & Deshpande 2003). Thus, especially given the compelling evidence, Affirmative Action in India is essential and in fact, needs stronger implementation. However, in order to increase its efficacy, it has to be less mechanical: provision of quotas should be seen as the beginning of Affirmative Action, not as its end, as is the current practice. A big problem with the programme is that there is no monitoring done and indeed, there are no penalties for evading it. Thus, the mere announcement of quotas is seen as sufficient as

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there seems to be no attention paid to outcomes: how many seats get filled, if there are unfilled seats, what might be the problem, what happens after a beneficiary gets in – all these very critical questions hardly receive any attention by the government.

It is worth keeping in mind that quotas or preferences are simply means to increasing employment and incomes. Neither of these touches the basic issue of disparity in wealth distribution. As the Indian economy is privatizing, restricting Affirmative Action to government jobs and education in India would gradually make it redundant. For it to be meaningful, it must be extended to cover to the entire economy (as in the USA or Malaysia, for instance). As the experience of other countries shows, Affirmative Action need not be synonymous with quotas and more creative forms can be devised for the private sector. Indeed, the Confederation of Indian Industries (CII) has made a beginning by formulating a "code of conduct" on Affirmative Action that eschews quotas, but has other provisions. Also, while even the suggestion of Affirmative Action in the private sector is viewed sceptically by the mainstream opinion, there seems uncritical acceptance of hereditary reservations in business houses in India.

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Further, just providing entry into jobs or educational institutions is not sufficient. Supplementary measures, which have crucial implications for the success or failure of the Affirmative Action programme, must be made an integral part of the programme: remedial teaching, counselling, attempts to lower the incidence of drop-outs; skill enhancing programmes and so forth, which would ensure that the benefits of entry into prestigious jobs and educational programmes are fully utilised. To be effective, Affirmative Action should contain self-liquidating and self-perpetuating features: as Affirmative Action becomes stronger at entry level, it should be gradually lowered at the later stages. For this, strict monitoring of outcomes, with penalties for non-compliance are essential.

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In addition, "outside the box" measures must be considered that go beyond the scope of the current Affirmative Action programme: e.g., free, compulsory and good quality primary education, vigorous expansion of non-farm employment, land reforms wherever feasible, subsidies/support for Dalit business/self employment. All these will benefit a much larger section of Dalits than the current Affirmative Action programme. The important thing to note is that the existing programme

and these supplementary measures need not be considered mutually exclusive. They can strengthen and reinforce each other. Admittedly, there would be costs to all these measures, but they have to be weighed against the benefits of integrating into the mainstream large sections of nearly 160 million Dalits. Unleashing this vast but suppressed reservoir of talent is the need of the hour for the rapidly growing Indian economy.

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