

Invited Article

Caste & the Corporate Sector

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UPA at the Centre has proposed extension of the quota system for SCs and STs to the private sector. The corporate sector's response to the proposal was unequivocally negative on grounds of promoting meritocracy. Indian corporate sector seems to deny the fact that caste plays any role in the labour market in India while the truth is that the suitability of a candidate is rarely judged on formal qualification alone. The candidate's family background being an important consideration, the chances of a Dalit or a Muslim candidate for being called for interview for a job in the corporate sector were significantly lower than others with exactly the same CV, argues the paper.

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The Context

Liberalization of the Indian economy initiated during the early 1990s proved to be an important turning point for the country in many different ways. Under the new regime, the state began to withdraw from its direct involvement with the economy. Private enterprise was allowed and encouraged to expand into areas of economic activities that were hitherto not open to it. Though some scholars have pointed out that the growth of private capital in India began to accelerate during the early 1970s¹, it is during the post-1991 period that the private capital experienced expansion at unprecedented rates.

This expansion was not merely in terms of growth rates and profits, India also experienced an important ideological shift during the 1990s. The socialist rhetoric that had been so central to the Nehruvian idea of planned development lost its charm. Markets and middle classes came to occupy the centre stage of India's cultural landscape, displacing the emblematic 'village' and

¹ See Kohli (2006).

its poor peasants. Though nearly 70 percent of its population continued to live in its more than half a million villages and the majority remained employed in agriculture, India began to be show-cased to the world through its rapidly growing urban centres, its professional middle classes and its diaspora.

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Indian economists have credible evidence to show that India's growth has not merely been middle class-centric and the number of those living below the poverty line has also been declining at a rate which is much faster than the pre-1991 period. However, economic data does not capture the entire social reality. For example, the new economic policy produced sectoral imbalances, and the neglect of the agrarian sector proved tragic. India witnessed a sudden spurt in cases of suicides by small and marginal farmers. Surprisingly, despite significant regional variations in the patterns of agrarian change, this happened simultaneously in different parts of the country, from Karnataka and Andhra Pradesh to Maharashtra and Punjab. It was difficult to overlook the connection between the "agrarian crisis" and the larger process of economic liberalization. Given the compulsions of a democratic system, the Indian polity had to soon respond to this "crisis", though much of it has been arbitrary in nature, simply through increased subsidies and loan-wavers.

The process of economic liberalization has also been criticized by ideologues of the historically marginalized sections of Indian society, the Scheduled Castes (SC) and Scheduled Tribes (ST), apart from the advocates of the farm sector. With declining avenues of employment in the state sector, jobs available under the quota system for the SCs and STs have been declining. The expanding role of the private sector in technical and professional education may also mean a shrinking of the quota system in higher education! In fact, the official data is beginning to show that those belonging to the Scheduled Tribes and Muslim minority have been experiencing a process of further marginalization and downward social and economic mobility².

UPA's Proposal & the Responses

Though some Dalit intellectuals and activist groups began talking about the possible negative implications of the new economic policy soon after the introduction of economic liberalization, the issue acquired national significance only when the United Progressive Alliance (UPA) proposed extension of the quota system for SCs and STs to the private sector upon coming to power in the Centre in 2004. In its National Common Minimum Programme, the new government made an unambiguous statement in this regard (2004:10): "The UPA government is very sensitive to the

² See Sachar Committee Report (2006). (Prime Minister's High Level Committee headed by Justice Rajinder Sachar), *Social, Economic and Educational Status of the Muslim Community*.

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issue of affirmative action, including reservations, in the private sector. It will immediately initiate a national dialogue with all political parties, industry and other organizations to see how best the private sector can fulfil the aspirations of scheduled caste and scheduled tribe youth”.

However, the response of the Indian private sector to the proposal was unequivocally negative³. Reservations, they repeatedly argued, would work against “merit” and “efficiency”, crucial for expanding the production base of the Indian economy and generating new jobs. More jobs, they claimed, would be good for everyone, including the Dalits. If the Indian state wished to do something special for historically deprived communities, it should focus on providing them with good quality education. The underlying assumption of their arguments was that caste/community based discrimination was no longer an issue in the Indian job market, at least not so in the private sector employment.

How far is their contention sustainable? Unfortunately, we do not have much research done on the subject. The available literature mostly focuses

3 A good collection of these responses can be found in Thorat, Aryama & Negi (eds.) (2005).

on the pre-liberalization era⁴. More recently, some scholars have also looked at the social profiles of those working in the ‘new economy’, the Indian professionals in the global software industry⁵. Sociology of labour markets is only beginning to be explored in India⁶.

Caste & India’s Economic Development:

After independence from colonial rule, the Indian state initiated the process of planning for development in order to accelerate its economic growth. Inspired by the successes of the socialist countries of Eastern Europe, particularly the erstwhile Soviet Union, and without compromising on the liberal form of democratic polity, India chose ‘mixed economy’ as a path for economic modernization. However, economic growth was not enough to produce an atmosphere where equal opportunities could be provided to those coming from diverse social and cultural contexts. Those who were given the task of framing the Indian Constitution were well aware of the social and historical realities of Indian society and its rigid hierarchical structures that inhibited an easy institutionalization of the idea of citizenship.

4 See, for example, Banerjee & Knight (1985), Deshi & Singh (1995), Harris, Kannan & Rodgers (1990).

5 See, for example, Rothboeck, Vijaybaskar & Gayathri (2001), Krishna & Brihmadessam (2006), Upadhyaya (2007).

6 See papers by Jodhka & Newman (2007), Thorat & Attewal (2007), Deshpande & Newman (2007).

It was to overcome the disabilities infused by the order of caste that the Indian Constitution made provisions for quotas or reservations for the Scheduled Castes and Scheduled Tribes.

Perhaps the most debilitating of these traditional institutions was the system of caste hierarchy. It was to overcome the disabilities infused by the order of caste that the Indian Constitution made provisions for quotas or reservations for the Scheduled Castes and Scheduled Tribes. Indian Constitution also recognized the presence of other forms and sources of “backwardness”. The Constitution made provisions for the Government of independent India to initiate measures that would identify such disadvantaged groups and for whose welfare special policy measures could be initiated. However, as far as the disabilities of caste were concerned – for those below the line of pollution – there were clear guidelines laid down in the new Constitution of independent India.

As it came to be popularly understood by the early twentieth century, there was something simple and straight forward about the Indian Caste System. The orientalist and colonial administrators had worked out its ethnographic details and theories quite well. In fact the idea of Scheduled Castes had also been worked out by the colonial rulers. The Indian social reformers and nationalist leaders – Gandhi, Nehru, Ambedkar – had all been educated

about Indian society within the colonial institutions of modern learning and much of their understanding of Indian society was derived uncritically from the writings of colonial/ Western scholars. For example, though they disagreed on the value of village life and its place in modern India, they all shared with the colonial rulers the assumption about it being a central feature of Indian social life (Jodhka 2002).

Similarly, though they disagreed quite vehemently on the moral value of the system of caste divisions, and on the modes of dealing with it, their understanding of its underlying logic did not differ very radically. Gandhi, Nehru and Ambedkar believed that caste was a traditional institution that had been a part of Indian social life for centuries without having experienced any fundamental change in its structure or ideology. They also agreed with the predominant colonial and orientalist understanding of it essentially being a religious institution, a part and parcel of Hindu tradition (Dirks 2001:3-4).

According to this understanding, caste derived its legitimacy from classical Hindu scriptures. The framework of *varna* hierarchy, as worked out so meticulously by Manu, was the beginning and the ultimate explanation of the caste system. Though the *varna* theory did not provide any specific position to the “untouchables” in the Hindu rankings of social categories, they could be easily accommodated at the bottom of the caste hierarchy, outside the

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varna system, by using the larger logic of the system.

The processes of development and modernization were thus to transform this “traditional” social order and its long-term effects, which had supposedly kept the Indian society economically stagnant and socially closed. The planned development was to help the Indian economy grow faster and produce a more fluid society. The idea of social and cultural change was, in a way, built into the very notions of ‘modernization’ and ‘development’. A modern democratic India was to evolve into a civil society that was to be politically secular and caste-free. The processes of industrialization, urbanization, and education were assumed to create a new citizenry with a new outlook, unconstrained by caste in their choice of occupation or place of living. In other words, the “closed” and “hierarchical” structure of caste was to give way to an “open” system of stratification based on individual achievement and merit.

However, there were sceptics. Such a simplistic and evolutionist view of ‘caste’ and ‘social change’ was rarely taken seriously by professional social anthropologists and sociologists, who often pointed to the enormous resilience of caste. While they recognized that the

secular education, modern technology or democratic politics had far reaching implications for traditional social structure, they also underlined the point that caste too influenced the processes of modernization and westernization. M.N. Srinivas, who wrote extensively on the link between caste and social change in contemporary India, made this point in the 1960s: “The new opportunities – educational, economic, political – were in theory caste-free; that is, they were open to all, and no one was banned from having access to them by reason of birth in a particular caste or sect or religion. Actually, however ...they were ordinarily more accessible to the high castes with tradition of learning, employment in government, and urban residence. In addition there were, in each region a few castes which, although not regarded as high, became relatively wealthy by reason of their ability to exploit certain special opportunities that came their way during British rule....” (Srinivas 1966: 90). Similarly, several political scientists commented on the continued presence of caste in the political sphere. While democratic politics had indeed changed caste equations, caste too played a critical role in shaping politics, particularly at the local and regional levels (Rudolf & Rudolf 1967, Kothari 1970, Brass 1990, Kohli 2001, Jaffrelot 2003, Jodhka 2006).

More recently, in the wake of the implemented recommendations of the Mandal Commission, sociologists pointed to the resurgence of caste in the public sphere, to its *twentieth century*

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avatar, as Srinivas (1966) famously put it. (Also see Fuller 1996). The decade of 1980s and 1990s also saw a further consolidation of Dalit and backward caste politics. Even at the dawn of the 21st century we see that caste is indeed alive and kicking.

It is not only that caste has come back in the form of horizontal identities (Srinivas 1966) or substantialized communities (Dumont 1998), but also that caste continues to be an important indicator of social and economic deprivation in India. The available official data on poverty and other economic indicators clearly conveys this fact. The status of social groups like the Scheduled Castes and Scheduled Tribes continues to be far below the averages for the “other” category of the Indian population. In other words, caste and community based group identities continue to be significant not only in India’s democratic politics but also in its economy.

Caste & the Corporate Sector

Guided by its CMP, the UPA government after coming to power initiated negotiations with leaders of Indian private industry and asked them to come-up with some viable proposal for an inclusive employment policy. The private corporate sector relented and the Confederation of Indian Industry (CII)

and Associated Chamber of Commerce and Industry (ASSOCHAM) jointly appointed a committee to look into the matter and suggest ways of evolving a policy for affirmative action. The document produced by the committee furnished an overview of affirmative action policies in operation in different parts of the world and made a few proposals for initiating a dialogue on the subject. The CII and ASSOCHAM thus recognized the fact that “India’s socially and economically underprivileged Scheduled Castes and Scheduled Tribes have not been able to realize their full potential due to centuries-old social discrimination”⁷. Further, it also conceded to the appeal made by the UPA government that there was a need for: “...private industry to supplement efforts of government and civil society to ameliorate this through concrete steps for giving better opportunities to socially and economically underprivileged Scheduled Castes and Scheduled Tribes, in all levels of employment, including self employment”⁸.

What has this recognition of the reality of caste and the need for proactive policies meant on the ground? Have they initiated concrete measures to meet the challenge? The answers to these questions seem to be in the negative. In fact, a closer reading of the document produced by the two Chambers of Indian corporate sector seems to deny the fact that caste plays any role in the labour

7 http://cii.in/menu_content.php?menu_id=462 (visited on September 15, 2008).

8 Ibid.

market in India, and it soon reverts to oft stated language of meritocracy and universalism. As the summary report says: "...competitiveness of enterprise and economy is not negotiable and must be achieved and maintained through knowledge and competence in the rapidly developing Indian economy. To accelerate growth and competitiveness of the Indian economy, institutions must have autonomy and flexibility in order to create and expand job opportunities for all sections of society"⁹. Questioning fundamentally the need for an affirmative action, it declares: "Inclusiveness would ultimately be achieved through universal access to quality education", which presumably is a responsibility of the state.

Most importantly perhaps is that the Indian corporate sector refuses to recognize the fact that there could be caste or community based discrimination in the Indian labour market. The private sector industry, it argues "does not take into account caste identities in employment". It even claims that "...limited data available indicates that a significant number from the Scheduled Castes and Scheduled Tribes are already in employment in private sector industry".

Merit & Discriminatory Practices

Merit is indeed an important modern idea and it has played a crucial role in opening-up opportunities to the hitherto excluded, and underprivileged social groups. Ownership of industry in India and

elsewhere in the world has historically been concentrated in the hands of a few social/cultural groups and the top jobs were always kept within the family. Recruitments to other jobs were opened to outsiders only when the required personnel were not available within the community or the wider kin-group.

Over the last two or three decades there has been a considerable change in culture of the Indian corporate sector. The big companies are no longer run by members of the family. Even when some members of the family are involved, much of the work is done by professionals who are recruited mostly by "merit". While merit has become sacrosanct for the corporate self-image, hiring process is rarely open. The most popular modes of hiring are through: i) hiring agencies, the "head-hunters", ii) campus interviews, and iii) internal recommendations. A good amount of work is also done through out-sourcing to specialized agencies.

Who is a suitable candidate and how do they judge the merit of those who are selected for the upper-end jobs in private sector? During a study of corporate hiring managers carried-out during 2006 and 2007 in Delhi, Jodhka & Newman (2007) found that the suitability of a candidate is rarely judged on his or her formal qualification alone. Almost every respondent hiring manager interviewed agreed that one of the most important questions they ask their candidates during the interviews is about their family background. Family background was important to see the suitability of

9 Ibid.

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the candidate to the culture of the company. An equally important factor for hiring at the senior level is the linguistic skills of the candidate, their ability to speak and communicate in good English. Another study (Thorat & Newman 2007) found that the chances of a Dalit or Muslim candidate for being called for interview for a job in corporate sector were significantly lesser than those from the upper caste with exactly the same CVs.

Concluding Comments

A modern and developed India should indeed be a society free of caste. Caste, however, is not simply a traditional hangover. For those who have traditionally been at the receiving-end, at the bottom of the hierarchical system, it has always been a system of domination that denied them opportunities and deprived them socially and economically. The available official data clearly shows that a large majority of Dalits continue to be landless and asset-less. The proportion of poor among them is much larger than the “other” categories of Indian population. Apart from economic disabilities, they also experience prejudice and discrimination in everyday life.

However, over the years caste has also changed. It has nearly completely disintegrated as a social and cultural system. The not-so-poor Dalit families are very keen to send their children go to schools and colleges. They have been helped in their endeavour by various government policies, including the quota system. However, given their social and cultural situation, they remain relatively weak in terms of ownership of social and cultural capital. The idea of merit and the manner in which it has come to be codified in relation to caste and reservation in India directly works against them. Consequently, even after attaining education, Dalit candidates invariably find it harder to find good jobs. I have been told by several friends that the Dalit applicants tend to avoid mentioning their being from reserved category for the fear that it would work against them because of the wide spread prejudice among the corporate employers against them. Their being SC or ST is invariably read by the employer as a sign of their deficiency, their not being meritorious enough. They were after all admitted in the college only against a reserved seat!

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It is to overcome this prejudice and the resultant discriminatory practice that the corporate sector needs to recognize caste. Denying the presence of caste would only work to shield the status-quo. It is only with recognition of this reality of caste that the Indian corporate sector

can go beyond tokenism and cosmetic CSR policies that they proudly showcase for wider respectability.

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