

Caste Matters: Economic Discrimination in Contemporary India

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Labour market discrimination

- Occupational disparities between SCs and Others.
- Average wages (SC and non-SC) differ after controlling for education and skill, also in urban, formal sector jobs.
- Questions: is this because of past discrimination?
- Only in rural areas, where occupations are more traditional, caste easily identified?

Labour market discrimination

- Decomposing the wage gap: “explained” (by wage earning characteristics) and “unexplained” or “discriminatory”: further decomposition into wage and job discrimination. Latter more imp.
- High endowment difference: pre market discrimination. ~20% discriminatory.
- Urban population: endowment difference between SC and non-SC narrowing since the mid-1980s, possibly due to AA.

Correspondence Studies

- Following Bertrand and Mullainathan (2004): Thorat and Attewell (2007): newspaper advertisements in English language newspapers for entry or near-entry level positions. Wide variety of firms.
- All male applicants (to isolate the effect of caste): easily identifiable, stereotypical last name: Hindu UC; Muslim; Dalit: identical resumes
- Dalit odds of a successful response: 0.67 that of UC and of Muslims, 0.33 of UC.
- Siddique: interaction of gender-caste: low caste female lowers probability of call-back by 37 percent.

Caste or class?

- Deshpande and Spears (2011): an experiment on the “identifiable victim” effect in social psychology.
- People more willing to donate to an “identifiable” victim as opposed to a generic cause:
- “Rokia, 7 years old, very poor, orphan” will get more donations than a generic “charity for poor orphaned children”

Our findings

- For all other groups (Hindu UC, OBC, Muslims), the “identifiable recipient effect” works.
- For Dalits (ex-untouchables), the effect is reversed. Donors are more willing to donate to generic charities for Dalits than to identified recipients.
- Feelings of disgust? Revulsion?

Job search and recruitment in the private sector

- College-to-work study (Deshpande and Newman, 2007)
- Sample of students from DU, JNU, JMI
- “Creamed” sample (28% reserved)
- Baseline questionnaire: clear difference in aspirations, ideal job, expectations about salary and time to find jobs.

Follow up: over two years

- Likelihood of non-Dalit students of being employed in family owned businesses, using family connections to find a job much higher.
- Pre-market discrimination: access (cost, distance, stigma associated with Dalit education), quality of education, bribes/donations to get admission: against Dalits

Interview experiences

- Dalits: perceptions of a wired interview
- They lacked “pull” (influential network of supporters)
- Put on the defensive by being asked to defend the AA policy – in a private firm, where AA does not apply
- Poor Dalits: cost of traveling to far away places for interviews prohibitive.

Dalit job seekers' perceptions

- Reservations (AA) are critical
- Dalits convinced that without reservations they would have no chance to obtain a higher degree
- Enables them to “open their mouths”, “go to the centre of society” where they “meet other people and get a platform”
- Silence imposed by marginality, caste prejudice, enforced by atrocities, and poverty broken
- Shrinking of public sector (privatization) leading to fears of dilution of AA.

The family background test

- Virtually all respondents asked about “family background” during job interviews in large private sector companies, including MNCs.
- Non-Dalit biographies much closer to the middle-class, professional ideal.
- Non-Dalits rarely see this question as offensive or prying; Dalits perceive a hidden agenda.
- Dalits often have “non-familiar” last names: asked specifically about their caste (*not* with a view to help).

Family Background.....

- “Family background was asked, but I did not tell them reality, that we are six brothers and sisters. I told them that I have one brother and one sister. They asked me, what is your father? I told them he is a teacher. I thought it could have some positive impact because my family background will look like a small family and father is a teacher....”

The other side of the fence

- High competition for good jobs and entry into prestigious courses, but given high growth, opportunities rising as well.
- Non-Dalits: far more favorable interviews and selection procedures and a more positive “interpretive disposition”.
- Fluency in English, confidence in academic skills, greater cultural capital
- Did *not* see themselves as privileged because of these qualities.

Merit and Modernism

- Jodhka and Newman: employers, including MNCs use the language of merit.
- Managers blind to the unequal playing field which produces “merit”.
- Commitment to merit voiced alongside convictions that merit is distributed by caste and region.
- Qualities of individuals 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.

In the private sector

- Hereditary “reservations” in business houses.
- Hiring practices: networks important, informal and personalized recruitment, “who you know” is often more important than “what you know”.
- Employers find this convenient and “efficient”: minimizes recruitment costs, ensures commitment and loyalty, minimizes transaction costs of disciplining workers and handling disputes and grievances.

Contemporary labour markets

- Social and cultural capital (the complex and overlapping categories of caste, family background, network and contacts) play a huge role in labour markets
- Hiring is not transparent
- Effective AA can turn things around
- Strengthening or restructuring AA politically charged and sensitive.

Empirical Assessment of AA

- Deshpande and Weisskopf (2011): productivity impact of AA based on data from Indian Railways for 1980-2002
- No evidence of negative impact, slight evidence of positive impact of SC-ST proportion in top management and admin jobs (category A+B).

AA in higher education

- Bertrand et al and Bagde (2011): impact of AA in higher education. Find no evidence of mismatch.
- “Shape of the River”: substantial positive effects long after formal education.
- Redistributive effects of political representations.

Assessment.....

- Resentment of preferences widespread; however, hostility towards beneficiary groups exists independently of preferences.
- Long run: education and jobs weaken the stigmatizing 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.
- AA essential, needs stronger implementation. Needs to be less mechanical: provision of quotas should be seen as the beginning of AA, not its end.
- No monitoring done, no penalties for evading AA. No attention to outcomes.

Alternatives to quotas?

- Supplementary measures: bridging the skill gap: on the job training, remedial teaching, counselling, dealing with drop-outs
- “Outside the box” AA measures: free and compulsory, good quality primary education, vigorous expansion of non-farm employment, land reforms wherever feasible, subsidies/support for Dalit business/self employment.

The Diversity Index

- GOI committee to create a diversity index to measure diversity in public spaces, specifically: in employment, education and housing (both public and private).
- The recommendation was to link this with Plan allocations and financial incentives (tax breaks, subsidies etc).