

The Economy of Social Exclusion

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ABSTRACT

The caste system, elusive and additional apparent conversions tied with its perseverance and it has been essential to analysis the civilization of India. This study throws a light on the socio-economic changes of caste and its analysis to labour market dimension. The distinguishing characteristic of caste is legacy of professions. This chapter provide an overview of caste based economic discrimination. It stresses the ways in which caste has a negative role and perseveres structure of inequality in economy with inadequacies in allocation of resources and overall development of human capital in Indian civilization. With the growing economy, discrimination remains an unruly, which is not changeable to self-correction, but require intrusive strategies for the solution of these problems.

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1. Introduction

Indian society is pyramidal in its structure and the caste structure have been a core issue in the anthropological research in civilisation of India. These areas have attracted the researchers from various field including anthropology, economy, polity and sociology. This chapter explore the socio-economic impact of caste on labour market dimensions. Indian civilisation is characterised by economic inequalities among different social groups. The recent trends and patterns of inequalities among groups is closely associated with the economic schemes of the caste system. Lot of researchers has concluded vibrant representation of degree of inequalities between castes and religion. But they are not evaluated, how inequalities are responsible to denial of economic rights. They are not evaluated to what extent social exclusion is attributable for economic discrimination in modern India. To eliminate inequalities in India, we need to develop appropriate strategies. We need to know how caste distresses economics status of an individual, how the economy of an individual is associated to caste system, how the behaviour determined inequality through the caste, ethnicity or religion. Economic discrimination was not the major issue for conventional social science researchers in India. Hence there are inadequate discernment about the economic discrimination. In this chapter, we will emphasis on current economic trends and patterns of labour market discrimination on the basis of study conducted in United States to eliminate discrimination.

2. Social exclusion in India

According to definition of social exclusion given by Buvinic (2005) in his research "The inability of an individual to participate in the basic activities e.g., political, economic and social functioning" This definition shows the unique

characteristic of social exclusion. It influences the social defined marginalised groups, result low income of that groups. Indian context, it explains the specified form of exclusion, where the ascriptive with compare to achieved distinctive are the main basis of social exclusion. Amartya Sen (2000) has thrown a light on dimension of social exclusion in his research work. He draws attention on circumstance in which individuals lives and takes his decisions in unfavourable circumstances. Sen distinguished amongst the active exclusion and passive exclusion. According to active exclusion-by spoiling opportunities through considerate strategy involvements on the chunk of private and government representatives. Passive Exclusion - which generally does not trust on such interventions, it may lead to similarly adverse outcomes. Active exclusion on the basis of discrimination defines a such situation, where refusing to accept the involvement of individuals form the marginalised groups despite their formal or even higher qualification, although favouring of others members with less qualification or similar qualification. As a result, through passive discrimination, it limits to access the income for particular group.

Researchers working in the caste issue in India, received considerable attention on market-based discrimination. The restricted entry of subordinate groups in formal and informal markets via selective inclusion on the basis of discriminate behaviour. Employers discriminate labours during the hiring process in form of wage discrimination, working conditions and opportunities for upward mobility. Two individuals with identical human capital e.g., same education training, work experience etc., differentiating only in personal characteristic are treated unequally. Discrimination in occupations occurred when the members of marginalised groups face restrictions to enter into the occupations or

services privilege for upper caste. In short, the method by which individual are fully or partially restricted to participate in educational, economic or social organizations, that whole process denotes social exclusion.

3. Economic consequences of social-exclusion

Exclusion of individual from the labour market has opposite effect on income generation and economic growth. Economic discrimination leads to the markets failure as a result lower growth, inequality in income generation, poverty and conflict between groups. Economics discrimination also responsible for inefficient allocation of labours, low wages below marginal product of labour. The caste structure generates segmented, imperfect and monopolistic factor markets in the case of the immobility of labour, agriculture land, capitals and ownership of business. Even if the wage of labours and returns on capital are very high in others area, the labours and capitals are not easy to move from one area to another area in such a discrimination.

Thus, immobility in factors market possess gross incompetence in allocation of resources. Due to restriction in the labour market, caste became a main cause of upper caste voluntary-unemployment and involuntary-unemployment for lower castes. For low caste, restriction against mobility towards more impressive occupations will force them in involuntarily unemployment. As we know jobs defines the social status of individual, caste indirectly play a vital role in reducing the social status of person belong to discriminated group. Hence caste system acts as an economic organisation that leads to the optimum use of resource allocation in fare environment. Often, caste system usually raises the conflict among the groups which is socially harmful and destructive in nature.

Caste and occupational mobility

Social mobility forms a steady society with limited intergenerational mobility. This mobility is also related to occupational structure of Indian society- agrarian sector and the service sector. according to modernisation, there is a postulation that urbanisation and industrialisation will deteriorate the link between social origin and destination. McMillian analysis the patterns of social mobilities of schedule marginalised set of groups and compared with those of other groups. He has concluded by using national election study data, growth in skilled persons and specialized occupation has revealed some opportunities to schedule castes for rising mobility, but representation is changed for non-schedule castes. There is a huge gap between marginal and non-marginal groups in terms of the mobility. Marginal groups are not able to contest with non-marginalised groups in case of mobility. Ramu & Wiebe (1973) conclude that upper caste is able to maintain their prevalence in education comparative low caste. The association between caste and occupation is still pretty high. Harris (2010), in his study describes some changes, including an increase in 'diversification of employment' away from agriculture and 'about seventy percent of agricultural labour households are Dalits'. Dalits are in general intense in the lower strata of occupation in farm and non-farm sector. Although there has been a slight shift towards non-agriculture occupations.

Caste and labour market discrimination

The above mention relationship among castes & occupations shows that there are very few evidence occurs for the hypothesis that industrialisation & urbanisation would weaken relationship between caste and achieved occupational destination. Jodhka (2010) study in private enterprise discrimination against Dalits. The general prejudice, in which Dalits are treated as an unconventional business community, upper caste customers are not willing to purchase from Dalit shops or not agree to provide services to the doorsteps. According to Desai and Dubey, caste and economic statuses are associated to both - the exclusion from enter to productive resources e.g., agriculture land and quality education and others - discrimination in labour market. Discrimination in both segment of economics strata (i) inequality of opportunity and (ii) inequality of outcome. With regards to inequality of opportunity, marginalised find low land ownership, low level of education, low level of consumption expenditure and social capital with comparison to non-marginalised section. With regards to outcomes, they accomplish the study of earning, wages and income from salary and level of reading skills. Despande uses large scale, household-level, the national sample survey and national family and health survey to study the relationship among castes and economic discrimination. She emphasizes economics discrimination contempt legal and social planning interference and demonstrate how economics consequences are designed by caste system in India.

4. The Indian context

In India, policies of economic empowerment are related to improvement possession of resources e.g., lands for agriculture, capital for occupational, managerial and business skill. The theoretical as well as practical planning to increase the skill of targeted groups via develop self-occupational and improve their employability in occupations. These investments are a way of compensation to lover caste, backward caste and religious groups in terms of restricted opportunities, they have grieved earlier. However, some demands to equal rights by providing equal opportunities through quota or reservations, we see considerable disagreement. Particularly, leaders from private sectors have argued that discrimination is a problem of past. From the perspective, labour markets and others normally execute in a unbiased way and job are offered on the basis of efficiency and merit alone. So, there is no essential to protection against economics discrimination in the labour market. Policies related to economic empowerment through investment in human capital favours up to some extent, but framework for assurance to employment are nervous with adverse responses. So, there are scuffle for policy formulation among social and modern ideals.

The four affluent research papers established evidence of continue discrimination for highly qualified Dalits and Muslims in formal urban labour markets. The first by prof. Thorat and Aftewell concluded on basis of research studies on applicants of Muslim and low caste communities. Labours from such communities are facings obstacles in hiring process due to discrimination in formal labour markets. Another paper by Newmwn and Jodhka provides results based on interview, he demonstrates study of managers of human resources focusing on hiring practice. The study reveals managers comes their set

of minds that creates the difficulties to very high and very low caste candidates, while the advantages go to the candidates belonging to middle castes.

Newman and Deshpande underwrite another paper based on the same qualified candidates from both the groups Dalits and non-Dalits from three most important academic institutions entering in the labour market in same period. Despite parallel qualifications, two individual experience divergent result in labour market. Finally, forth paper by Attewell based on econometric analysis of NSSO data shows a gap fifteen percent wage cut for workers from marginalised sections compare to other high caste workers. Dalits who could not get educational fulfillment in their childhood, will be deprived in labour market as compared to others.

The policy made in Indian education sector is not adequate to produce open opportunities for all. The wage and professional differential create a gap between high status and low status in society, the students from such high strata gets benefit, although it makes harder to the student belonging the lower strata. The study also shows to enduring attitudinal barriers for low caste applicants in major companies, reflect negative stereotype formal action in the eye of employers. The decreasing extent of government sector encouraged some reason in favour of outspreading reservations in private sectors. As the Jodhka and Newman reveals in his study, this is powerfully opposed by the leaders of private sectors, not to favour for provision to eliminate discrimination in hiring process, but they are convinced that there is no problem of caste in modern India.

5. Remedies and conclusion

This chapter has shown the modern research on caste and its role in human capital, which allow us to think beyond the logic of status inconsistency. On side, there are certain features of caste e.g., endogamy etc., other side we see a big challenge related to economic aspects of castes.

Although caste cannot connect to the profession, some caste can use other capitals at their disposal and confirm that they control scare resources such as employment and income. According to orientalist interpretation of the stationary nature of caste with difficulties to play role in the society. Caste has transformed, some caste receiving socio-economic advantages to preserve their control in labour system, though disagreeing members of lower castes for similar prospects. Thus, strain occurs due to inequality between castes and the prospect of compromise between them.

Thus, in factor markets with competitive environment, the managers, who indulge in discrimination earn high profits in system. Discrimination in labour market have been quite tough. If all firms act as such discriminating behaviour, then market discrimination will continue for so long, In the developing economies, monopoly tendencies emerge in large gradation. Which provide a great degree to employers to discriminate at their willpower. In absence of chance to show their capacities, it will difficult for marginalised groups to develop signals to make it clear, what companies are missing by evading them. Because self-correction policy is too long, so dominant effective strategy is required in Indian society, where the huge labour surplus exist.

Legal protection to agriculture land, capitals, labours consumers and products markets, social services like education, housing & medical facilities can bring to fall in discrimination.

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