# Contemporary Significance of Caste in India

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**Abstract:** Inherited caste identity is an important determinant of life opportunity for a fifth of the world's population, but is not given the same significance in global development policy debates as gender, race, age, religion or other identity characteristics. This review asks why addressing caste-based inequality and discrimination does not feature in intergovernmental commitments such as the Sustainable Development Goals, and whether it should. Taking India as its focus, it finds that caste has been treated as an archaic system and source of historical disadvantage due compensation through affirmative action in ways that overlook its continuing importance as a structure of advantage and of discrimination in the modern economy, especially post-liberalization from the 1990s. A body of recent literature from anthropology, economics, history and political science is used to explore the modern life of caste in society, economy and development. Questions are asked about caste as social hierarchy, the role of caste in post-liberalization rural inequality, in urban labor markets and in the business economy, and the effect of policies of affirmative action in public-sector education and employment. Caste is found to be a complex, institution, simultaneously weakened and revived by current economic and political forces; it is a contributor to persisting national socioeconomic and human capital disparities, and has major impacts on subjective wellbeing. Caste effects are not regional; they travel from the village to the city and into virtually all markets. Caste persists in the age of the market because of its advantages – its discriminations allow opportunity hoarding for others; and the threat of the advancement of subordinated groups provokes humiliating violence against them. The evidence points to the need for policy innovation to address market and non-market discrimination and to remove barriers, especially in the informal and private sector; and to ensure caste has its proper place in the global development policy debate.

**Keywords: India, Caste, Inequality, Discrimination, Economic Development, Policy.**

## Introduction

The Sustainable Development Goals (SDGs) emphasize equality of opportunity and reducing inequality of outcomes, the elimination of discrimination in law, policy and social practice, and socio-economic inclusion of

all under the banner goal 'to leave nobody behind'. "All" here means, "irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status" (SDG 10.2). There is no specific mention of caste.

Several international human rights organizations insist that worldwide over 260 million people suffer from discrimination based on caste (or 'work and descent', the UN terminology for such systems of inherited status), that caste is "a fundamental determinant [of] social exclusion and development"1, and affects some 20–25 percent of the world's population – including (but not restricted to) the peoples of South Asian nations and their diasporas. They have lobbied for caste to be recognized in progress indicators and data disaggregation, and have published shadow reports on caste disparities hidden in national reporting on SDGs (ADRF, 2017). While prohibited by international human rights law, caste/"work and descent"-based discrimination is excluded from the agenda of intergovernmental negotiations such as on the SDGs. Should the global policy agenda pay attention to identities and relations of caste as drivers of poverty and inequality? What is the evidence that caste still matters as a determinant of opportunity today, and what might its mechanisms be? Why is caste so often off the agenda, and treated differently from age, ethnicity, or religion? The topic is dauntingly large, and the present review is limited to caste in India's economic processes and policy approaches.

The intersecting nature of identities (caste, class, gender, religion) that give poverty in India its distinctive social face means that ultimately caste cannot be independently examined (Shah et al., 2018). Nonetheless, this review covers work that empirically and analytically attempts to identify the "grammar" of caste (Deshpande, 2017) at work behind persisting socioeconomic and human capital disparities in India (and by extension elsewhere). Today, absolutely and proportionately, the country's capital wealth (land, buildings, finance etc.) is largely in the hands of the "upper'" castes, and the "lowest" castes participate in the economy primarily as wage laborers.2 Per-capita income or access to high-status occupations decrease as we pass down the hierarchy, as does the return on factors such as better education or capital assets, while the proportion of people in poverty increases, indicating what the Dalit political leader B.R. Ambedkar referred to as a system of "graded inequality" (see Thorat [2017] for analysis of data to 2014). Aggregating disparities in occupation, education and assets into a Caste Development Index, Deshpande (2017, 93) shows that the degree of caste inequality is unimproved (and sometimes worsened) by the greater wealth or faster growth of different Indian

states. Statistically, in India the caste into which a person is born remains among the most important determinants of life opportunity.

Caste is a source of embarrassment and controversy in middle-class India. Is it relevant to talk about caste in modern times? Isn't caste an "internal" matter of heritage and culture beyond the remit of global agendas? Certainly, we do not find caste treated alongside gender, race or age in the international analysis of poverty and inequality. I will start this review (Section 2) by asking how caste is conceived such that it evades global policy attention. This will involve looking at the history of caste in India's social policy. Section 3 turns to anthropological debates on caste hierarchy and change. Section 4 considers caste and rural economic change. Turning to the wider economy, Section 5 looks and caste and labor markets, and Section 6 at caste in the business economy. I will take stock (in Section 7) of evidence on caste as a modern structure of opportunity and of discrimination (Harriss-White, , 2014), before turning to India's affirmative action policy (Section 8). The final section of the article considers what idea of caste might be helpful to grasp its role in contemporary economic life.

**Caste in Indian social policy:** The claim that caste is marginal to development policy debate requires some justification since caste appears central in Indian policy and the politics of affirmative action. My point is that the manner in which caste has entered social policy largely overlooks caste as a continuing structural cause of inequality and poverty in present-day market-led development, and instead treats it as an archaic Indian cultural and ritual phenomenon erased by such development, or as a social disability subject to (in principle, temporary) "special measures" ( Waughray, 2010, 336–37)

The government of independent India was reluctant to use caste as an explainer of poverty and inequality, and there was no place for social classifications used in the colonial administration; hence the abandonment of caste categories in the post-Independence national censuses (Dirks, 2001, Jaffrelot, 2006).3 Both Gandhian utopianism and socialist universalism expected archaic caste to disappear with modernization. Nonetheless, the Indian Constitution, which enshrined a commitment to equality in its directive principles, also recognized historical disadvantage, giving – by a presidential order (in 1950) – special protection and benefits to a list (or schedule) of castes (first drawn up by the British in 1936) whose "extreme backwardness" arose "out of the traditional practice of untouchability," without there being a definition or test of such untouchablity (Dirks,

2001, Galanter, 1984).4 Since now-outlawed untouchablity was taken to be a Hindu practice, the category of Scheduled Castes (SCs, which censuses record as about 17 percent of the population) excludes Muslim and Christian converts who, evidence shows, experience equivalent untouchablity (Ministry of Minority Affairs, 2009, Mosse, 2012).

Social policy on caste (and the guidelines of the ministry and commission responsible) focus on the disadvantages of particular groups, treating caste as a static or residual problem addressed through remedial provisions, protections, safeguards and complaint-handling, rather than as a dynamic relational problem that might be subject to the state's general duty to address inequality and discrimination in economy and society.5 While criminal law (the 1989 Prevention of Atrocities Act) prohibits specified acts against members of SCs, caste does not feature in any comprehensive legislation against discrimination and for the promotion of equality in India.6 The everyday inequalities of caste tend rather to be regarded as matters for social and (today especially) market-based transformations.

Historians looking at the role of missionaries and colonial policy explain how caste came to be officialised as a matter of religion or "the social realm" separate from political economy (Viswanath, 2014), and how caste was to be dealt with by reform from within rather than state intervention. Indeed, addressing caste discrimination as a matter of Hindu religious reform rather than infringed socio-political rights is what separated M.K. Gandhi from Dr B.R. Ambedkar in pre-Independence debates (Dirks, 2001, Roberts, 2016).

As a matter of religion and historical disadvantage, caste falls outside the purview of economic planning (Jodhka, 2016, 232), and is treated as an internal cultural matter excluded from international frameworks applied to other forms of discrimination such as gender or race. While the UN bodies subsume caste under "descent" (one of five "grounds" of racial discrimination), India rejects this, and the monitoring by UN treaty bodies that this would imply (Keane, 2007, Waughray and Keane, 2017).

**Development: Caste and Economic Inequality:** Longitudinal research from the 1950s shows unequal access to new opportunities, whether in irrigated agriculture, off-farm or urban employment, as embedded in caste (Epstein et al., 1998, Lanjouw and Stern, 1998). During the period of agriculture-led growth (the 1960s-80s Green Revolution) cultivating castes gained from technology-driven increases in productivity often at the expense of labouring Dalits (Breman, 1974, Harriss, 1982). But in recent decades, land and agriculture have

weakened as a basis of caste power; and across India, upper-caste village elites are found withdrawing from the village economy and politics, their dominance replaced by fragmented centres of power or diffuse brokerage networks mediating access to scarce but necessary credit, state schemes, markets or jobs (Gupta, 1998, Jeffrey, 2002, Witsoe, 2013). Alongside, a relative decline in agriculture, the post-1991 liberalization period saw an explosion of diverse non-farm employment in rural areas. Recent reports of the seven-decade Palanpur study in Uttar Pradesh reflect a national trend in showing overall reduction in rural poverty and rising incomes from better paid work, but also growing inequality as the poorest access uncertain casual work in railways, cloth mills, bakeries, liquor bottling, brick-kilns and the like (Himanshu, Lanjouw, Murgai, & Stern, 2013).

Does caste contribute to this inequality? The picture is inconsistent. While Himanshu et al. (2013) find most inequality in Palanpur between households, thus within rather than between castes,10 Lanjouw and Rao (2011) argue that standard inequality decomposition analysis underestimates persisting Dalit caste-based disadvantages. They contrast Palanpur with Sugao, a village in Maharashtra, where income inequalities from access to outside employment (through circular labor migration) have not been along caste lines. Carswell and De Neve's (2014a) ethnography of economically diversifying villages around the major textile cluster of Tiruppur (Tamil Nadu) finds opposite effects even in close-by villages: in one, new demand-driven labor markets reduce caste exclusion; in the other, power-loom industrialization within the village entrenches caste power, inequality and untouchablity.

Iversen, Kalwij, Verschoor, and Dubey (2014) used nationally representative data, from 1993–4 and 2004–5, to assess the effect of caste identity on inequality in the post-reform rural economy. They discovered that Dalits have higher incomes in own-dominated villages ("enclave effects"), for reasons illustrated by Anderson's (2011) account (from a 120-village survey across north India) of the way caste distorts groundwater markets such that low-caste farmers have crop yields 45 percent higher when in villages where water sellers are of the same caste. Inequality-driving caste discrimination in the supply of other inputs (e.g., seed, credit, including by cooperatives) and the sale of produce is reported by Dalits in a 2013 survey across 80 villages in 4 states (Thorat, 2017). Explaining the impact of labour and other rural markets on caste, and caste on markets means taking account of many things: variation in histories of land control or reform, urban proximity, caste demography, and caste-political mobilization (Lanjouw & Rao, 2011), but there is little to support a simple

conclusion that capitalism disrupts the agrarian order to "subvert and destroy the caste system from the inside" (Prasad, 2008).

There are also non-market caste effects in development. Positively, Dalits have gained from a massive increase in state spending on public goods which has equalized access to school education, healthcare, housing, piped water and electricity (Banerjee and Somanathan, 2007, Munshi, 2016a). To this can be added public expenditure linked to enacted rights such as to work through what is perhaps the world's largest work-fare scheme under the National Rural Employment Guarantee Act. The NREGA self-targets poorer Dalits offering what is dignified as "government work" paid at the national minimum wage (Carswell & De Neve, 2014b). It increases local wage rates and workers' bargaining power, which can also fuel class/caste tension (Imbert & Papp, 2015).

The delivery of public services is also a source of discrimination. A 12-village rural health care study across Gujarat and Rajasthan found Dalit children experiencing untouchability (e.g., aversion to touch during diagnosis) in the idiom of cleanliness from upper-caste junior health workers; more so among government than private or "traditional" practitioners (Acharya, 2010). A survey of the national food security Midday Meals Scheme in 531 villages also found caste segregation and avoidance, a mitigating measure being to put the scheme in the hands of Dalit women's groups (Thorat & Lee, 2010). Similar conclusions arise in relation to the Public Distribution System shown to discriminate against Dalits in shop locations, quality and price of goods and treatment of customers (ibid).

In sum, the picture of caste in Indian rural society today is ambiguous. New freedoms and formerly-denied social honor acquired by Dalits exists alongside forms of (often covert) discrimination which also drive economic inequality. In fact, intense competition for work in the post-reform economy that has shrunk public sector employment while "not generating jobs in the private sector at anything like the rate needed to allow people to leave the land" (Jeffrey, Jeffery, & Jeffery, 2008, 36) gives caste a new salience. In Uttar Pradesh, Jeffrey et al. (2008) found upper castes able to respond to under/unemployment by mobilizing capital and caste connections externally and to invest in village-based businesses in ways unavailable to Dalits. While Dalit women and men may experience village life as less marked by exclusion and denied honor, caste is ever-more important to opportunities beyond: access to higher education, jobs or business. Here caste is an composite

effect, bound up and disguised in the mobilization of capital, networks into institutions of government or business, or dowry payments – which may be oriented towards status/occupational mobility through caste/class hypergamous marriage that precisely aligns gender and caste hierarchies (O'Hanlon, 2017, 439).

Caste here is mobilized competitively, not as status or ethicized identity in the struggle for regional political power, but as a resource or strategic network for access to the regional economy. It is this that lies behind the public advertisement of caste belonging, the marriage halls or student prizes of regionally-connected caste associations that I have witnessed in Tamil villages (Mosse, 2012, pp. 252–261). Caste reworked as private connections and capital, is not so easily perceived as such, even by those affected. With the transition from honor to opportunity, caste increases its invisibility.

Where caste becomes hyper-visible is in highly-coordinated and sometimes lethal violence, often directed at Dalits whose success, self-respect infringements of caste and kinship conventions, romantic choices or access to public office (e.g., through success in local council reserved-seat elections) so threatens the relational standing of adjacent caste groups.11 Indeed, using a decade's district-level crime data (2001–2010) Sharma (2015) shows that increases in violent hate crimes correlate with the narrowing gap between the standard of living of Dalits and dominant castes; and violence commonly targets for destruction, often by arson, the material signs of Dalit progress (housing, shops, consumer durables or vehicles). But it also takes forms that maximize trauma and humiliation, including sexual violence, public stripping, forced consumption of excrement, and uploading humiliating attacks on social media (Shah et al., 2018, 240). Such caste violence has in turn prompted the formation of human-rights focused Dalit movements backed by NGO networks attempting (with limited success) to use anti-discrimination for protection (Carswell & De Neve, 2015).

The Human Rights Watch report Broken People (Human Rights Watch, 1999) documented the anti-Dalit violence in the 1990s. In the next period, there followed a 40 percent increase in reported cases between 2009 and 2014 (Ghosh, 2016), although conviction rates remained low at 28 percent (for criminal atrocities against SCs and STs, ibid). Criminal standards of proof (of anti-Dalit intent) are an obstacle, as is caste prejudice within the judiciary (Ramaiah, 2007, Deshpande, 2017.

**Caste In The Urban Labour Market:** For many Dalits, the town represents escape from rural toil and risk of humiliation to 'mere poverty' (Roberts, 2016, p. 55). In the industrial workforce, rural migrants experience

mobility, mixed-caste working/living spaces and friendship groups. Individual experiences of casteless mobility are a reality, but at the scale of national data sets, as Deshpande (2017) concludes, the diversification brought by post-reform development has not broken the association, across states, of upper castes with higher-status professions and Dalits with manual and casual labor. National survey data expose glass walls against Dalit occupational mobility out of caste-typed roles or low-end service trades (such as masonry or carpentry) into more profitable ones or self-employment (Das, 2013). Under conditions of overall increased mobility between generations (especially in urban areas) studies find intergenerational persistence (especially occupational) greatest among Dalits (and Adivasis, the 'Scheduled Tribes'), and their occupational ascents are more fragile (subject to downward mobility, especially in rural areas) (Iversen et al., 2016, Deshpande, 2017, xiv–xv).

The intersections of caste and gender mean that Dalit women, with caste-comparative higher (although declining) participation rates in the labor force, are particularly restricted in job mobility. Despite often being represented as having relative gender freedom (compared to upper-caste women) Dalit women face highly exploitative work conditions. In a national survey, a third recorded experience of physical mistreatment (Deshpande, 2017, 138–39). While greater prosperity decreases violence against women (or its reporting), it also brings status-enhancing restrictions on their mobility and decision-making (Deshpande, 2017, Still, 2017).

Recent ethnographic research explores the harder-to-detect ways that caste identity shapes modern opportunity at every level. Those leaving stagnating agriculture in search of urban jobs are sorted into work graded by skill, insecurity, danger, toxicity or status in caste-related ways. So, for example, Dalit workers in the Tiruppur garment industry are more likely to find themselves in the low-skill dirty dyeing units, and non-Dalits in the skilled tailoring sections (Carswell, De Neve, & Heyer, 2017). A new wave of rural industrialization creates skilled/managerial jobs for upper-caste outsiders, but despite legally contested claims for such permanent posts – sometimes taken to the international level where multinational companies are involved– those who lost land to new complexes at best gain casual work as security guards, loaders or janitors (Bommier, 2016, Donegan, 2018).

Drawing together case studies from across India, Shah et al. (2018) show how neoliberal industrializing India is shaped by inequalities inherited from village caste orders (see also Still, 2015b). It becomes clear that those who controlled the village land hold privileged positions in the regional economy, that caste is the

character of clientelism in India (Jeffrey, 2002), and that caste networks in cooperatives, sand-mining cartels, on college campuses, in the housing market, and in IT companies are central to how business, bureaucracy and education work (Fuller and Narasimhan, 2014, Jodhka and Manor, 2017a, Shah et al., 2018, Witsoe, 2017). Caste-based urban rental markets (Thorat, Banerjee, Mishra, & Rizvi, 2015) shape residential segregation in Indian cities (Singh and Vithayathil, 2012) with all that this implies for interactions and networks, while reproducing as city slums the spatially-marked village "Dalit colony" (Roberts, 2016).

Looking specifically at labor markets, three caste effects can be mentioned: (1) occupational ranking, (2) network effects (or opportunity hoarding), and (3) categorical exclusion. These can be taken in turn.

First, regarding occupational ranking and the differential valuation of work and workers, the caste-typing of jobs is strong in certain businesses such as (south Indian) restaurants with Brahman cooks and suppliers (Iversen & Raghavendra, 2006) or sanitary work with Dalit labor. Despite the self-representation of elite sectors such as information technology as being matched to upper-caste (Brahmin) knowledge and skills (Fuller and Narasimhan, 2014, Upadhya, 2007), identity-bound work is most characteristic of stigmatized occupations, none more so than the filthy, dehumanizing and unprotected work of dealing with human excreta, known as "manual scavenging", campaigned against and prohibited by law,12 but still assigned to the lowest Dalit castes, including by contractors to the Indian Railways (Singh, 2014). Despite transition from manual scavenging to sewer work, as Tam (2013) argues in the case of Ahmedabad, modern sanitation and sewer programs have accommodated caste divisions and discrimination, while placing workers in danger, as attested by the regular and early deaths of Indian sewer workers. Harriss-White's (2017) recent analysis of the informal waste economy of a Tamil town shows how, more widely, the social cost of disposal of noxious waste is placed on undervalued humans, socially shunned through discrimination of their group identity as well as the characteristics acquired from their occupation (p. 110). As B.R. Ambedkar wrote, "the caste system is not merely a division of labor. It is also a division of laborers" (2002, 263).

Second, workers are caste-sorted through referral-based labor recruitment, via risk-bearing gang-leaders and foremen who, under shifting market conditions, use caste-kin networks to offer employers flexibly-hired loyal workers. The resulting caste-segmented (and caste-typed) labor markets are known from single-caste dominated workforces in the colonial mills, docks, railways, factories, mines, or indentured labor on plantations

(and their contemporary equivalents), sometimes traceable to specific ancestral locations, or even to the role of an individual recruiter-foreman (de Haan, 1994, Iversen et al., 2009, Munshi, 2016a, pp. 23–26). Such hiring today produces a highly mobile "super-exploited" seasonal labor force recruited to distant construction sites, brick-kilns, factories and plantations, including Adivasis undercutting Dalit workers recruited in earlier generations, now laid off or casualized by structural changes in mills or plantations (Shah et al., 2018).

Third, opportunities opened to an in-group by caste networks also exclude others as a category, regardless of the characteristics of individuals, as Tilly (1998) argues. Such "categorical exclusion" was found in research on the construction sites of western India which distinguished Saurashrian bricklayers from Dalit/Bhil casual labourers, ensuring that even after 25 years' work on construction sites, in stone quarries, lime kilns and brick fields, a Dalit (or Adivasi) laborer has no chance to get skilled or better-paid work (despite a shortage of skilled labour) (Mosse, 2010, p. 1126). By influencing skill acquisition, cultural capital and network formation, categorical distinctions and occupational differentiation become self-reproducing (Corbridge et al., 2013, Munshi, 2016a, p. 27; Tilly, 1998).

Nonetheless, education and skill development are valued as the route to individual mobility (out of caste-occupational traps), especially among Dalits whose increased school enrolment is reflected in a national narrowing of the caste gap in primary and secondary education in the post-reform era (Hnatkovska, Lahiri, & Paul, 2012, cited in Munshi, 2016, 35). But while education is deeply woven into Dalit narratives of positive identity, progress and civility (e.g., Ciotti, 2006), qualitative studies across the country point to the shackles of caste-labelling, low expectations and classroom segregation that defeat Dalit ambition (e.g., Nambissan, 2010, p. 277). Indeed, using a national data set of 51,550 households, Desai, Adams, and Dubey (2010) find that while poor educational outcomes among OBCs and Scheduled Tribes have to do with low enrolment or parents' education or income, in the case of Dalits, caste identity independently affects the impact of schooling.

Beyond school, problems for Dalits deepen. Not only did the Dalit/upper-caste gap in access to higher education widen in the post-reform period (to 2004/5) – a time when "the premium to education is rising in the formal sector" – but also, the return on education for Dalits (in terms of increased wages) declined (between 1983 and 2000) (Deshpande, 2017, pp. 75–82, 186; see also Deshpande & Zacharias, 2013). These are, in the apt title of Jeffrey et al.'s (2008) ethnography of the disjuncture between higher education and employment, Degrees

without Freedom. Noting that for Dalits, each additional year of education yields a smaller increase in wages than for upper castes, Das concludes bleakly that for urban Dalits, post-primary education "confers almost a disadvantage" bettering the chances of neither salaried work (beyond the small number and now enclave low-end jobs in the reserved formal sector) nor self-employment, while increasing their likelihood of opting out of the labour force" (Das, 2008, 1).

There is persisting caste-based disparity in earnings (upwards of 15 percent) for equivalent levels of education, greater in the private than the public sector, and compounded for Dalit women by gender disparities. The question of why equivalently qualified Dalits earn less, points to discrimination – in recruitment and role allocation (hence occupational segregation) more than wages (Deshpande, 2017, Madheswaran and Attewell, 2007; also discussed in Munshi, 2016a).

Employment discrimination occurs at two levels. First, the job market implicitly demands of applicants traits, skills, linguistic and cultural competences which the education system does not explicitly give, and that come from families transmitting a dominant class-caste culture bundled as individual "merit" (Bourdieu, 1977, Munshi, 2016a, p. 27). The "merit" that recruitment managers of 25 large Delhi-based firms said they used in candidate selection when interviewed by Jodhka and Newman (2007, p. 4127) was emphatically "formed within the crucible of the family".

Second, discrimination operates directly on identities. Applicants are sorted explicitly by caste (and religion), which is what studies sending fake CVs signaling the caste or religious identity of identically qualified candidates find. Discrimination is found especially in private firms, in certain sectors (more so in call-center than software industry jobs), and when recruiters are male and Hindu (Banerjee et al., 2009, Das, 2013, Siddique, 2011, Thorat and Attewell, 2007, Upadhya, 2007). Such caste-based discrimination is also demonstrated in experimental studies on charitable giving (unwillingness to support identifiable victims with Dalit names) or exam marking (lower marks for papers randomly assigned Dalit names) (Deshpande and Spears, 2016, Hanna and Linden, 2012). Drawing on theories of racial prejudice, Thorat (2017) suggests that this discrimination mostly operates on caste identities through socially framed norms, perceptions, interests and decisions rather than individual psychological prejudices.

Finally, identity-based discrimination has been modelled to show that it is not only compatible with functioning free markets, but produced endogenously by them, specifically as a means to overcome coordination problems (Basu, 2017). Because jobs involve interaction, a given person-type (caste) is preferred over another because it is believed that other people will prefer the same type, so improving that person-type's productivity. Given the interactional nature of most work, discrimination changes the productivity of those discriminated against, reproducing productivity differences. The notion that caste identity can thus arbitrarily become a 'focal point' of productivity and coordination in a rational market, and that discrimination itself may even enhance economic growth, underscores the need for affirmative action policy (ibid).

These caste effects are reproduced through differentiated expectations of graduates, so that upper-caste/class candidates experience privileged cultural capital and prejudicial norms and networks as casteless merit; whereas, Dalit men and women with limited finance and weaker networks, experience being persistently identified with their caste background and in consequence have an understandable preference for the scarce public sector jobs (Deshpande and Newman, 2007, Deshpande, 2013, Jodhka and Newman, 2007).

Caste in the business economy

Perhaps Dalits can skirt discrimination in the primary labor market by turning to self-employment in business. Surely the massive post-reform two-thirds increase in private business since 1990 with half the workforce self-employed by 2005, provides the conditions for the erasure of caste (Harriss-White, Vidyarthee, & Dixit, 2014, 40, 51). The prominence of caste in business and homophily in employment suggests otherwise (Deshpande, 2017, p. xxi). Again, in business, we find the three caste effects of (1) network effects, (2) the ranking of markets, and (3) caste exclusion and barriers.

Starting with networks, their importance is well known from the way castes dominant in trade in the early 19th century moved into manufacturing,13 followed by agricultural castes especially with the post-1991 reforms (Chari, 2004, Damodaran, 2008, Munshi, 2016a, pp. 14–15; Rudner, 1994). Caste networks for business regulation are especially important where risks are high, formal institutions weak and "selective trust" at a premium (Harriss, 2003, pp. 766–67), whether the low-end and high-turnover opportunistic Gujarat garment industry, or the high-end diamond industry in Mumbai and Antwerp studied by Munshi (2011).14 Strong caste networks also develop in shunned markets, such as leather, sanitary ware, cleaning services, and the earlier-

mentioned waste economy dominated by Dalits (Jodhka, 2010).15 This is illustrated by Gill's study of the Delhi waste business, which also shows how caste divisions (here among Dalits) differentiate those dealing in segregated dry inorganic waste, often plastic (kabada), and the most stigmatized Dalit castes picking and dealing in unsegregated organic/inorganic waste (kooda-kachhra) (Gill, 2012).

Markets are indeed ranked, and the more inferiorized the market, the more caste-linked to occupational pasts. Dalit business access to markets is correspondingly differentiated. At a macro-level, sectors such as mining/quarrying, construction and transport are found to be relatively open to Dalits, while entry into health and education, food, hospitality, finance and the service sectors (where it is Dalits rather that the markets that are stigmatized) is much harder (Harriss-White et al., 2014, Thorat and Newman, 2010). A micro-level study of south Indian entrepreneurship showed a third of the 405-household sample engaged in caste-linked business activity (e.g., crafts, dhobi services, musicians) (Guérin, D'Espallier, & Venkatasubramanian, 2015). Caste influenced the market for high-symbolic-value products like oil, milk or rice, and Dalits were excluded from food or clothing markets (beyond own-caste customers), being restricted to inferior physically demanding businesses. Even transport services were segmented: non-Dalits transported people/long distances; Dalits transported goods/short distances.

Networks and ranked markets exclude. Restricted access to capital or collateral (e.g., property undervalued because of its caste location), to business networks, premises, infrastructure, raw materials supply chains and markets controlled by other castes, all mean that Dalits (the first generation to do so) have entered the business economy at the bottom, running petty shops, as dealers or agents. These are mostly survival-oriented rather than entrepreneurial businesses, owner-operated or reliant on family labor, without formal credit, and mostly rural and male (Guérin et al., 2015, Harriss-White et al., 2014, Jodhka, 2010); (Deshpande and Sharma, 2016, Deshpande, 2017, xvii–xxii). The small Dalit share of enterprise ownership, initially decreased post-reforms before rising by 2005 (Harriss-White et al., 2014, Iyer et al., 2013, Thorat et al., 2010). And while there is diversification away from stigmatized activities, especially in rural areas (but few benefits from microfinance schemes16), prejudice still enclaves Dalit businesses in towns and cities (Deshpande, 2017, xviii). This questions the presumed liberating effect of urban anonymity (Gupta, 2004, xx) (but see below), and the market-

era hope of fighting caste with 'Dalit capitalism' envisioned by the Dalit Indian Chamber of Commerce (DICCI) set up in 2005 by high-profile but very unrepresentative Dalit millionaires.

Prakash's (2015) study of 90 cases opens a window on Dalit entrepreneurs' experience of the liberalized economy. He reveals the costs of exclusion from networks that circulate information, give preferential rates, allow stock transfers, or facilitate the informal transactions with officials needed for business. Dalits feel closed-in by humiliating prejudice. One in Uttar Pradesh tells Jodhka (2010, 46), "while most other local businesses or enterprises are known by the service they provide or the goods they sell, our shops are known by our caste names". Half in Jodhka's study tried to hide their caste identity, especially where rivals leverage consumer discrimination against them, impugning the quality of Dalit food, health-related, education or other personalized services (Prakash, 2015, p. 72). Pervasive discrimination suggests to Harriss-White et al. (2014) an attitude that Dalits are expected to be laborers; their entry into business is socially transgressive. Setting up a business, even selling fruit or fish, is not just an enterprise, it is a social assertion. Barriers to self-employment lead many educated Dalits to withdraw into unemployment (Das, 2008).17

The caste effect is uneven – less in procurement (unless on credit), more in recovering outstanding bills – but the overall disadvantages are hardly compensated for by reliance on NGO or state initiatives (see below), and DICCI represents the elite end of Dalit business where discrimination is weakest. Indeed, it is the smallest entrepreneurs (urban and rural) who find it hardest to escape caste identity effects. Using nationally representative data for 2004–5, Deshpande & Sharma (2016) find the caste-gap in earnings from self-employment greatest at the lower end of the distribution, where discrimination produces a "sticky floor" effect, (Deshpande, 2017, xxiv).

Spatial analysis shows discrimination varies across the country. Harriss-White et al. (2014) map three regional variants: a "northern" belt with low general business activity and low Dalit participation; a "central" belt with high activity and high Dalit participation; and a "southern" belt with high business activity but low Dalit participation. State policy, such as on poverty reduction, is a poor explainer of this variation (also found at district level); but so (at state-level) are education levels, growth rates, unemployment, Dalit political success or anti-caste movements. Access to essential business resources (credit, skills, sites, supplies) is a factor (Vidyarthee, 2016, p. 247), but strong discrimination against Dalit business in the southern entrepreneurial

region, credited with pro- poor growth, is hard to explain (Harriss-White et al., 2014, 59). In fact, Vidyarthee (2016) finds urbanization the most significant factor associated with incorporation of Dalits as owners of businesses, notwithstanding the above-noted restrictions on diversification of urban Dalit enterprises

**Conclusion**

Ranging widely over literatures addressing caste and development, recent research gives reasons to pay the same kind of attention to caste in global policy as has been given to gender or race as opportunity-shaping identities. What has been discovered of the effects of caste for India is relevant to other South Asia countries and their diasporas. That caste is bound with other identity effects (gender, class) does not preclude policy attention to its distinctive characteristics: forms of occupational ranking, exclusion and enclosure, network effects, graded inequality and stigmatization. As fewer Indians remain poor, more of those who remain in poverty are Dalits and Adivasis, especially women among them (Harriss-White et al., 2014, 7). But poverty-generating processes are not entirely the same among these marginalized groups. As has been shown, Dalits suffer restrictions to occupational mobility occurring within the same markets. They have the least land, get the worse jobs, have poorest education. Gang, Sen, and Yun (2008) show that the relative poverty of Dalits arises from these "characteristics", whereas Adivasis are poorer because of lower returns on given characteristics such as agricultural land with limited access to technology. Theirs is a locational rather than an occupational disadvantage.

The effects of caste are not "locational"; they travel from the village to the city and into virtually all markets where "cultural and social relations play out" (Das, 2008, 3), and have impact on the gains from developments such as education.30 The relational inequalities of caste require no particular ideological justification and are reproduced rather than erased by globally-integrating neoliberal urban or industrial development. They ensure that every opportunity for Dalit advancement, whether starting businesses or gaining access to the educational gateways to middle class, is a source of prejudice against them. Prejudice is materialized through a caste-networked economy, seen in the 'glass-ceiling' effect in salaried employment and the 'sticky-floor' effect in self-employment, and rendered durable intergenerational through the closures of caste endogamy.

The evidence presented here points to the need for policy innovation to address market and non-market discrimination, to remove barriers and provide support (to Dalits) in the informal and private sector, and

otherwise adapt interventions to the realities of caste. It also demonstrates need for informed discussion of caste inequality, and to challenge the exclusion of the issue from its proper place in global policy debate on sustainable development.

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