The Role of Caste in Economic Transformation

What is the issue?

Caste, which is mostly confined to politics, could be a structural factor that impedes economic transformation in India

What is the link between economic transformation and caste?

- Caste shapes policy outcomes and is central to economic transformation itself.
- Through its rigid social control and networks, caste facilitates economic mobility for some and erects barriers for others by mounting disadvantages on them.
- Caste also shapes the ownership pattern of land and capital and simultaneously regulates access to political, social, and economic capital.
- Social inequalities have mounted barriers for economic transition.
- Even the relative success in South India is being attributed to the 'Vaishya vacuum' — an absence of traditional merchant castes.

In what ways do the caste impedes economic transformation in India?

- The caste impedes the economic transformation in India through
    - Ownership and land inequality related to productivity failure within the farm sector
    - Elite bias in higher education and historical neglect of mass education
    - Caste-based entry barriers and exclusive networks in the modern sector

What is the case with land ownership and productivity?

- **Land ownership**- Land defines social status and pride and works as a source of inheritance, family lineage and speculative capital.
- India has one of the highest land inequalities in the world today.
- During the colonial era, the British inscribed caste in land governance categories where some castes were assigned land ownership at the expense of others.
- They made an artificial distinction between cultivators (who belong to certain castes) and the labourers (lower caste subjects who cultivated granted/gifted lands like Panchami) thereby institutionalising caste within the land revenue bureaucracy.
- Even the subsequent land reform that took place after India's independence largely excluded Dalits and lower castes
- **Productivity**- Though India has seen surplus food production from Green Revolution, the productivity was not uniform
- Only some castes benefitted out of it and they tightened their social control over others in rural India.
- Post the economic reforms of the 1990s, even those who made surplus in farm sectors could

not transform their status from cultivators to capitalist entrepreneurs, except a few castes.

How neglect of education hampers economic development?

- **Neglect of education**- The recent agitations by Jats in Haryana and Punjab, Marathas in Maharashtra and Patels in Gujarat, demanding caste based reservation in higher education and jobs exemplify this new trend.
- The Indian education system has been suffering from an elite bias since colonial times.
- Although the Indian Constitution guaranteed free and compulsory education under its directive principles, it was hardly translated into practice.
- Hence, inequality in access to education got translated into inequality in other economic domains including wage differentials.
- India's turn toward service growth is arguably an outcome of this historic elite bias in education.

What is the case with other countries?

- The Global South which succeeded in achieving inclusive growth had land reforms combined with human capital, invested in infrastructure and began industrialisation in the rural sector.
- Chinese and other East Asian countries invested in education and their success in manufacturing is a direct outcome of the investment in human capital.
- China taking over India in manufacturing is due to this neglect in human capital formation.

Reference

1. https://www.thehindu.com/opinion/lead/the-role-of-caste-in-economic-transformation/article65554512.ece

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