



Caste - A Barrier to Economic Transformation

This editorial is based on [“The role of caste in economic transformation”](#) which was published in The Hindu on 23/06/2022. It talks about the significant role of caste as a hindrance to the economic transformation of the nation.

For Prelims: Caste System, Important articles of the Constitution, Related government schemes

For Mains: Role of caste in society and economy, Challenges of caste system, Challenges of Indian Economy, Initiatives

India has been in a phase of jobless growth for at least two decades now, coupled with rising poverty and discontent in rural areas.

One of the biggest challenges India is facing today is “How to generate a pattern of growth that produces jobs and [inclusive development](#) in the way most of the East Asian countries have done?”.

The most suitable answer to this question would be: Inclusion of all the castes in the economic growth of the country. Caste might not be a residual variable, but is an active agent which stifles economic transformation.

How Caste System Impedes Economic Growth and Development?

▪ **General Biasedness:**

- Caste, through its rigid social control and networks facilitates economic mobility for some and erects barriers for others by mounting disadvantages on them.
- It also shapes the ownership pattern of land and capital and simultaneously regulates access to political, social, and economic capital too.

▪ **Land Ownership & Productivity:**

- **British Rule:**
 - India has one of the highest land inequalities in the world today.
 - This unequal distribution of land was perpetuated by British Colonial intervention, which legalised a traditional disparity.
 - Some castes were assigned land ownership at the expense of others by the British for its administrative practices. They made an artificial distinction between proper cultivators who belong to certain castes and those labourers — lower caste subjects who cultivated granted/ gifted lands ,that have institutionalised caste within the land revenue bureaucracy.
 - The British inscribed caste in land governance categories and procedures that still underpin postcolonial land ownership pattern in India.
- Land reform that took place after India’s independence largely **excluded Dalits and**

lower castes.

- It emboldened and empowered mainly intermediate castes at the expense of others in rural India.

◦ **Green Revolution:**

- The **Green Revolution** that brought changes in the farm sector did not alter land inequality as it was mostly achieved through technological intervention.
- The castes that were associated with this land pattern and benefited from the Green Revolution tightened their social control over others in rural India.

▪ **Neglect of Education:**

- The Indian education system has been suffering from an elite bias since colonial times.
 - British colonialists educated tiny groups of elites, largely from upper castes, for their own administrative purpose.
- Although the Indian Constitution guaranteed free and compulsory education under its **directive principles**, it was hardly translated into practice. Instead, attention was given to higher education for the elites.
 - Inequality in access to education got translated into inequality in other economic domains including wage differentials in India.

▪ **Barrier to entrepreneurship:**

- Castes that were already in control of trading and industrial spaces resisted the entry of others.
 - Even those who had economic surplus in farm sectors could not invest in nonfarm modern sectors.
- Social inequalities have mounted barriers for economic transition due to which the agrarian capital could not move into modern sectors.
- Even the relative success in South India is being attributed to the 'Vaishya vacuum' — an absence of traditional merchant castes.

Why India Lagged in Economic Transformation?

▪ **The Three Parameters:**

- The divergent outcomes in structural transformation between countries in the global South, particularly India, China and SouthEast Asia, is due to their focus on **“Land Equity”, “Access to Education” and “Access to Entrepreneurship”**.

• **Focus on Education:**

- Chinese and other East Asian countries invested in basic education and gradually shifted towards higher education.

• **Focus on Low End Jobs:**

- South East Asia and China captured low end manufacturing jobs, India largely concentrated in high end technology jobs.

• **Focus on Human Capital:**

- In China, rural entrepreneurship was able to grow out of the traditional agricultural sector on a massive scale due to its investment in **human capital**.
- It also resulted in diversification into urban enterprises by agrarian capitalists.
- China taking over India in manufacturing is due to this neglect in human capital formation.
- Their success in manufacturing is a direct outcome of the investment in human capital.

▪ **British Colonial Intervention:**

- The biggest challenge India as a nation faced was intervention by Britishers which amplified caste based and racial differences.
- This intervention is one of the major factors why Indian couldn't cope up with the pace of economic transformation when compared to its neighbours.

What are Initiatives Taken to Eliminate Discrimination and Promote Transformation?

- **Constitutional Provisions:**
 - **Prohibition of Discrimination:**
 - [Article 15](#) of the Constitution of India states that
 - The State shall not discriminate against any citizen on grounds only of religion, race, caste, sex, place of birth or any of them.
 - **Equality of Opportunity:**
 - [Article 16](#) of the Constitution of India states that:
 - There shall be equality of opportunity for all citizens in matters of employment under the State.
 - No citizen shall, on grounds only of religion, race, caste, sex, descent, place of birth or any of them, be ineligible for any office under the State.
 - **Compulsory Education:**
 - [Article 21A](#) of the Constitution of India states that:
 - The State shall provide free and compulsory education to all children of the age of six to fourteen years in such manner as the State may, by law, determine.
- **Land Reforms:**
 - Land Ceiling:
 - The laws set a limit on how much land an individual or corporation could hold, also known as a land 'ceiling', and allowed the government to reappropriate surplus land to the landless.
- **Human Development:**
 - [Pradhan Mantri Kaushal Vikas Yojana \(PMKVY\):](#)
 - It aims to mobilise youth to take up skill training with the aim of increasing productivity and aligning the training and certification to the needs of the country.
 - [SANKALP Scheme:](#)
 - Skills Acquisition and Knowledge Awareness for Livelihood (SANKALP) is an outcome-oriented programme of the [Ministry of Skill Development & Entrepreneurship \(MSDE\)](#) with a special focus on decentralised planning and quality improvement.
 - [Stand Up India Scheme:](#)
 - It was launched in April 2016 to promote entrepreneurship at the grass-root level focusing on economic empowerment and job creation.
 - To leverage the institutional credit structure to reach out to the underserved sector of people such as SCs, STs and Women Entrepreneurs.
 - [Pradhan Mantri Mudra Yojana:](#)
 - It provides funding to the non-corporate small business sector through various last-mile financial institutions like Banks, [Non-Banking Financial Companies \(NBFCs\)](#) and [Micro Finance Institutions \(MFIs\)](#).
 - Loans have been given to disadvantaged sections of society such as women entrepreneurs, SC/ST/OBC borrowers, Minority community borrowers, etc. The focus has also been on new entrepreneurs.

What should be the way forward?

- **Learning from Neighbours:**
 - As success witnessed in China and other S.E Asian Countries, India should put more focus on areas of Human Development, Low End Jobs, Rural Development to support economic transformation.
- **Rationalisation of Reservation Policy:**
 - It should be made sure that every community/caste under a [reservation](#) category should be provided with equal representation in the employment/educational opportunities.
 - Saturation of a particular community/caste in reservation violates the aim of reservation i.e. equal opportunity to all.
- **Audit of Initiatives:**
 - An audit of the existing initiatives could be carried out at state level to ensure that the initiatives are efficiently providing the result for which they were launched.
- **Going Rural:**
 - Ground level survey of the Socio Economic needs of the backward classes at rural level would provide the real picture of their situation.

- It would enable the government to prepare an efficient blueprint for their welfare, which would contribute to the economy in a significant manner.

Drishti Mains Question

Caste is not just a social system, but is an active agent which stifles economic transformation. Discuss.

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