SOCIAL DISCRIMINATION IN INDIA: A CASE FOR ECONOMIC CITIZENSHIP

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I: Introduction

Through the Constitution the Indian state promises equality to all its citizens. The various provisions of the Constitution elucidated in the chapters on Fundamental Rights (justiciable) and on Directive Principles of State Policies (non-justiciable) delineate the state's obligation to provide equal opportunities to all its citizens in social, political and economic spheres.[1] Yet the ubiquitous presence of stark inequalities continues to do offence to the idea of India visualised by the writers of the constitution. Furthermore, persistent poverty and deprivation overlap with particular castes, communities and differ between genders. Poverty and deprivations are also without shadow of doubt the result of deep rooted class structure formed over centuries. While accepting this social fact, rather than to look at class derived unequal outcomes our essay explores the reasons whereby individuals with the same endowments (assets, entitlements, rights, skills, education, experience) but differing in social group (caste, religion, gender, ethnicity etc.) command different tangible returns (income, development benefits, realised entitlements) and less tangible ones (such as dignity and respect). It is the experience of comparable endowments and widely differing treatments and outcomes that we understand as social discrimination. Social discrimination[2] is necessarily an inter-group social phenomenon transcending class differentiation – visible when one or few social group(s) commands and practises social sanctions against other social group(s). For the purposes of this essay,, 'social group' is defined as group of individuals having a shared socio-economic history and cultural practices which not only provide them with a group identity but also distinguish them from other social groups**.** In other words, social and cultural norms become the basis for defining inter-group relationships which in turn govern status relationships (social rank,

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[1] For a very good review of these rights and directive principles in the context of equal opportunity to all citizens, refer, Report of the Committee to Examine and Determine the Structure and Functions of Equal Opportunity Commission set up by the Ministry of Minority Affairs, Government of India, 2008

[2] The presence of social discrimination has been accepted by all successive Plan documents of the Government of India as well as a number of committees/ commissions established by the Government. Recently two important bodies – the Prime Minister's High Level Committee on Social, Economic and Educational Status of Muslim Community in India and the National Commission for Enterprises in Unorganised Sector established by Government of India produced extensive data and in-depth analyses on social exclusion of historically deprived social groups and the Muslim minority in India

domination- subordination), the division of labour in the economy, and sanctions (rewards and punishments[3]).

In this essay we attempt to analyse social discrimination and its manifestations, and to suggest possible strategies at the conceptual level to tackle it. The task of realising such strategies is beyond the scope of this paper. Prior to this conceptual task, however, the following section elaborates the on the normative understanding of discrimination followed by a discussion of the concept of a regime of discrimination. The latter also helps us to understand how the ideology of discrimination develops and is sustained by the state, markets and civil society. We then explain the key relations of discrimination. The third section suggests that social discrimination can only possibly be mitigated if formal and substantive equality is guaranteed to citizens. The establishment of a guarantee requires the instatement and naturalisation of a series of institutions. Codified state / social obligations, the means of claiming them, the means of claiming redress for wrongful denial, the means of adjudicating such claims and of enforcing judgement all have to be provided for all citizens. Since markets cannot by themselves establish such guarantees, we argue that this is a development project in which civil society has a central role to play alongside the state. We also argue that one of the most crucial means of achieving formal and substantive equality between and within different social groups is to graduate from a conception of political citizenship to one of economic citizenship. Economic citizenship can provide the conceptual and practical rigour to differentiate between exclusion pure and simple on the one hand and exclusion due to discrimination on the other. It can help the identification of policies and their preconditions and social mobilisations that may lead to the inclusion of social groups hitherto adversely incorporated or excluded by development.

II: Normative Understanding of Discrimination

Social discrimination takes several forms. Discrimination can be either direct or indirect. Direct discrimination[4] describes a phenomenon where there is a deliberate and explicit policy to exclude a specific individual or a social group from some possible opportunities. Indirect discrimination[5] occurs when supposedly neutral provisions, criteria or practices disadvantage

3 As and when the norms are respected or violated.

[4] For instance, the use of pre-natal tests for selective abortion of female babies is a good example of direct discrimination against women.

[5] For instance, many housing societies do not intend to discriminate against religions or castes but at the same time, they firmly uphold the policy of not selling or renting any property to non-vegetarians. The net result of this policy is that it excludes potential buyers/ tenants who belong to certain castes or practice

individual(s) due to their social status or due to capabilities derived from a socialisation differentiated by social status[6].

Discrimination as an ideology has three analytically separable aspects – 1. discrimination as a principle for organising social relationships, 2. discrimination as capillary power, and 3. discrimination as a set of political practices effected through formal and informal institutions in the realm of the state, market and civil society. Together, the ideology of discrimination and the institutions through which it is operationalised constitute a *regime of social discrimination.*

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III: A Regime of Social Discrimination in India

A few caveats are in order before we elaborate on the concept of a regime of discrimination. First, the three specific social groups with which this essay is concerned with are Dalits, Adivasis, and Muslims.[7] In no sense lacking respect for these groups and for their internal heterogeneity but simply for the sake of convenience, we use the acronym DAM for them. Second, discrimination in India is commonly practised in both forms as a syndrome of instituted practices which are historically recognised as having effects in inverse proportion to peoples'

religions other than Hinduism.

[6] The practice of social discrimination (whether direct or indirect) is not limited to India but is practiced across the world in different forms. For instance, discrimination on racial grounds in United States. However, certain forms of discrimination (for instance caste based discrimination) are unique to India because it derives its origin from religious texts

[7] Discrimination against women is developed elsewhere. For Instance for understanding discrimination against Dalit women, see Anupama Rao (ed) *Gender & Caste: Issues in Contemporary Indian Feminism*, Kali for Women, New Delhi, 2003, Sharmila Rege, *Writing caste, Writing Gender: Narrating Dalit women's Testimonies*, Zuban, An Imprint of Kali for Women, New Delhi, 2006. For studying discrimination against Muslim women, see Zoya Hasan and Ritu Menon, *Unequal Citizens: A Study of Muslim Women in India*, Oxford University Press, New Delhi, 2005. The discrimination against Adivasi Women has been captured by Mohanty and Biswal. See R.P. Mohanty and D.N. Biswal. *Culture, Gender And Gender Discrimination: Caste Hindus And Tribals* Mittal Publications, New Delhi, 2007. Similarly few aspects of discrimination embedded in state response to women's issue can grasped through the work of Anges and Fernandez. See B. Fernandez, "Engendering Poverty Policy in India" in Pal, B. et al (eds.) Gender Bias: Health, Nutrition and Work. Oxford University Press, New Delhi, 2009. Flavia Agnes, *Law and Gender inequality: The Politics of Women's Rights in India*, Oxford University Press, New Delhi, 1999. Similarly, Chhachhi captures the discrimination against women in the contemporary labour restructuring under the impact of ongoing economic globalization. See Amrita Chhachhi, *Gender and Labour in Contemporary India: Eroding Citizenship*, Taylor and Francis, 2009. Likewise, discrimination resulting in violence against women by the immediate family and community has been studied by Patel and ICRW/UNPF respectively. See Tulsi Patel (ed) *Sex-Selective Abortion in India: Gender, Society, and New Reproductive Technologies***,** Sage, New Delhi, 2007 and International Center for Research on Women, United Nations Population Fund, India, *Violence against women in India: A Review of Trends, Patterns, and Responses*, New Delhi, 2004. Women in rural India has also faced the repercussion of low agriculture growth. See Swana S. Vepa**,** *Bearing the Brunt: Impact of Rural Distress on Women*, Sage, New Delhi, 2009

position in the class system, caste/religious status groups [8] and the gender hierarchy[9]. Gender-based social discrimination is accentuated if the woman belongs to a lower caste [10] or belongs to a religious community associated with 'low' social status[11]. However, this is not to argue that the form and content of discrimination practised against each of the social group constituting DAM is similar. We acknowledge the distinctive nature of discrimination practised against each of the social groups constituting DAM. At the same time we believe that the analytical framework provided by the 'regime of discrimination' (and which we discuss below) can provide a broad but robust framework to capture the array of discrimination against DAM. Third, all social discrimination, even when practiced by individuals against individuals, needs to be understood not only as an individual piece of behaviour, but also - and rather - as social behaviour expressing aspects of an ideology maintaining social hierarchy.

The regime of social discrimination is built from a set of core features; these also structure our analysis of it. The first is a set of ideas which form principles for the *maintenance of hierarchy* in relationships between different social groups. Hierarchy becomes the basis of difference between 'us'/the self and 'them'/ the other. For difference to be maintained and hierarchy to be socially legitimised, the *status quo* in relationships between different social groups also has to be retained through a normative framework of socio-cultural, political and economic relationships, practices and statues. For instance, the normative framework for caste privileges naturalises the rights of the upper caste(s) over those of lower caste(s).[12] The normative

[8] For instance, during the course of the Tsunami Rehabilitation Project in Tamil Nadu, one of the most important criteria of aid was compensation for the destruction of property (houses, boats, shops etc.). In this sense, the entitlement of a citizen for accessing relief funds was defined through property rights. In the course of rehabilitation, the men and women working in the unorganised sector as loaders (mostly Dalits) for fishermen were left out from benefits from the state's rehabilitation. This can be cited as a good example of indirect discrimination. The Dalits, mostly unorganised sector labour, who lived on encroached land or leased out plots were the worst affected in terms of their livelihood chances. However, they did not have any legal avenue (lack of entitlement to property) to claim state rehabilitation benefits.

[9] For instance, poor women are caught in the cycle of lack of education or marketable surplus with no chance for a reasonable occupation. They bear the double burden of domestic labour and underpaid external labour in the unorganised sector.

[10] The world of low caste women is generally shaped at the intersection of class, caste and patriarchy. For instance, women in Dalit families face the same limitations and marginalisation, though in a much more severe form. There is a strong linkage between caste and patriarchy both within the household as well as beyond. In the household, the woman has to stay and survive under the over all domination of social rules and customs controlled and defined by men, while in the public domain Dalit women experience atrocities, violence, rape and oppression by men of other castes more than other women.

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[12] The caste system as theorised by Ambedkar (B. R. Ambedkar, 'Caste in India: The Mechanism, Genesis and Development' in B.R. Ambedkar, *Annihilation of Caste*, Bheema Patrika Publication, Jullander City, 1916, reprinted. 1936) is an economic as well as social organisation of roles and responsibilities in the society. In its pure form, it not only fixes the economic rights (occupation) and social position of each caste by birth, but also delineates socio-economic penalties if an individual transcends occupational boundaries. The occupations are classified as 'pure' and 'polluted', where the former becomes the domain of upper caste(s) and the latter a preserve for the lower caste(s). Thus, each individual caste is linked with the other in such a hierarchical manner that

framework for religion (advocated politically as well as socially) not only distinguishes but also differentiates religions; for instance, the discourse of Hindu Nationalism considers adherents of the Hindu religion to be full citizens while other social groups, especially Muslims and Christians, are subordinate citizens[13]. Discrimination is meted out to Adivasis in a similar way [14]. The normative framework of hierarchy also denies the need to seek any consent from social groups constituting DAM for the social relationships sought to be imposed on and practised between them. The subordination and marginalisation which results from discrimination is thus internalised and accepted as 'the' defining , 'natural', and even 'just' and principle of the socio-cultural, political and economic order.

privileges of high caste, both in the economic and social domain, become the reason for the subordinate position of the lower caste. Further, these debilitating features for the lower castes acquire sanction and legitimacy through Hindu religious texts. (Also see, C.J. Fuller (ed) *Caste Today,* Oxford University Press, New Delhi, 1996 & M.N. Srinivas, *Caste: Its Twentith Century Avatar* , Viking, New Delhi, 1996)

[13] We are primarily concerned here with the position of the largest minority community in India, namely the Muslims. Their socio economic status itself amply elucidates the regime of discrimination experienced by them in post colonial India (Government of India, *Social, Economic and Educational Status of Muslims in India: A Report,* Cabinet Secretariat, New Delhi, 2006). The basis for discriminating against Muslims can be better understood from the writings of Savarkar (V. D. Sawarkar, *Who is a Hindu?* Bombay, S.S.Savarkar, 1969) and Golwalkar (M.S. Golwalkar, *We are Nationhood Defined* ,Nagpur, Bharat Prakashan,1939) who argued for making India a Hindu *Rashtra* (Hindu nation). They pointed out that the nation-state cannot be conceived in universalistic terms, where individuals staying within a common geographical territory decide to bind themselves under a common authority. It was argued that the primacy of the wills of the individuals, that is, the society, deciding to be a part of body politic (social contract) always has the possibility of the adherence being withdrawn. Therefore they argued for moving beyond the conception of the nation defined in terms of territory, to a conception understood and defined in terms of culture (read Hindu culture). Here they employ the most reactionary understanding of race. Race is understood as being passed down by common cultural traditions. Common culture - rituals, social rules, religious festivals, common mythology and language – instead of some vague 'social contract' provides an organic unity and allows every individual to become a living limb of the corporate personality of the society. Further, the notion of racial purity is not emphasised. Savarkar stresses that the 'others'- descendants of invaders of Central and Western Asian - can convert to Hinduism as done by their predecessors, the *Huns* and *Shakas*. This notion minimises the importance of the internal divisions because of the primacy given to 'common blood', and thereby draws out a basis for a new pan-Indian religion that would be classical Vedantic Brahmanism, while ignoring the 'little cultures', and seeks their integration within the Hindu/national mainstream. In other words, Savarkar and Golwalker's efforts towards conceptualising the basis for the establishment of a Hindu nation derived its strength from a matrix of all castes woven into a single organic social block. This organic unity is achieved not by challenging the hierarchy within. Instead, hierarchy was preserved and legitimized through invoking the *dharma* (universal law) that governs Hindu social rituals and customs – the rock bed for maintaining social hierarchy. The absence of common culture makes Muslims and Christians different. Savrakar argues that they consider Arabia and Palestine as their holy land, and hence their love is divided. Golwalker argues that foreign races should hold in reverence the Hindu religion, race and culture or accept a secondary status of subordinate citizenship, with no rights of a full citizen.

[14] Adivasis have been primarily identified as those who either don't belong to Indian civilization or are outside Indian society V. Xaxa –'Tribe and Justice' in Rajeev Bhargava, , Michael Dusche, Helmut Reifeld (ed) *Justice: Political, Social, Juridical,* Sage, Delhi, 2005. They are culturally and socially stereotyped as lazy, thriving on state doles, drunkards, having unethical morals etc by the dominant social groups.

The successive discourses-colonial discourse, discourse in the constituent assembly and post colonial policy discourse consistently did not recognize Adisvasis and a distinct socio-cultural identity and invariably attempted to integrate them in large Indian society through paternalistic policies (See Amit Prakash, *Jharkhand: Politics of Development and Identity,* Orient Longam, Hyderabad, 2001)

The second feature of the regime of discrimination is the practice of these principles of hierarchy in the form of *capillary power*. India's norms of social order support the capacity of the 'dominant' social groups to act against and police the interest of social groups constituting the DAM. Acts of agency on the part of those discriminated against are understood as deviant behaviour and punished.[15] Their opposition to the normative framework is met with reactions ranging from the competitive to the coercive and violent.

These two features of the regime of discrimination are opposed to the formal principles of any democratic society. Blatant discrimination as espoused by different ideology(ies) of discrimination (see footnote 11, 12, 13) and with the practices of capillary power will be difficult to sustain. So, while the second aspect of the regime of discrimination, capillary power, provides a teleological framework, immediate day to day affairs have to be dextrously crafted and carefully pursued. The third feature of the regime of discrimination, the *politics of discrimination*, is the means by which social discrimination is crafted in the face of laws and movements to the contrary. The politics of discrimination charts the course of the advance of 'dominant' social groups in the face of consistent democratic assertion by deprived social groups constituting DAM. It tries to ensure that practices of capillary power flowing from the hierarchical norms of social order are not dissipated by the rationalities of market exchange or of state planning. In effect, the politics of discrimination formally forges a space for DAM, giving them a socially sanctioned voice in society, polity and economy. However, the politics of discrimination also ensures that this 'space' and 'voice' fails in practice to be transformative. It seeks instead to ensure that emerging voices do not translate into successful and effective social and economic engagement; and that striving for representation does not transform itself into practical control over productive socio-political and economic resources. Grounded in its normative framework, the politics of discrimination is developed in practical ways. Despite the rationalities of state and market being widely predicted to replace discriminatory practices (since they are clearly 'inefficient') the ideology and politics of discrimination respond dynamically to economic change without surrendering the capacity to sustain relationships of complicity when not practicing outright domination. [16] The regime of discrimination is thus institutionalised through the formal and informal organisations and institutions of the state, market and civil society.

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[15] For instance, Dalit gents in Haryana while getting married started using the horse carriage in their marriage procession. The upper caste violently reacted and claimed that the upper caste only has the prerogative to use this particular cultural practice. Similarly, the violence against Adivasis (mostly Christians) in Kandmahal district which is primarily because they come out of traditional form of exclusion and discrimination and their assertion for dignity and right to development. Second is the issue of demand by Panas ((Dalit Community) of a few Blocks in Kandhamal district, for inclusion in Kui tribe and therefore be eligible for ST status. These two separate issues were mobilised in 2007 to whip up religious and fundamental passions, giving this a communal colour resulting in large scale violence on Pano Christians, and Pano Hindus, and other Adivasi communities

[16] Harriss-White (2003)

Despite the constitutional principles based on equality and various provisions for affirmative action targeted for social groups constituting DAM, despite scores of developmental projects, the regime of discrimination resulting from the three features is the norm rather than an aberration. Even in face of resistance, it is crafted as the defining naturalised principle of social, political and economic order.

In the following section, we develop and account of the way in which the India's regime of discrimination is sustained through the institutions of the state, market and civil society.

The Indian State and Discrimination

Social discrimination was accepted as a fact in the scheme of constitutional development. and has been reflected in the positive discrimination policies of independent India. These policies of positive discrimination were initially limited to education and the provision of public sector jobs to Dalits and Adivasis (Reservations). Certain proportions of seats were also reserved for Dalits and Adivasis in India's national parliament and state legislative assemblies. Later, reservations in jobs and educational institutions were extended to Other Backward Classes[17]. How has the Indian State fared in addressing the socio-economic concerns of the social groups constituting DAM? Has it managed to mitigate longstanding and sometimes religiously sanctioned discriminatory actions against them? To answer these questions, we offer some stylised facts, before we explain the role of the state in sustaining social discrimination.

One of the primary roles of the state is to chart out a trajectory of economic development which is able to provide decent livelihood opportunities to its citizens. The outcome of this duty is reflected in the spectrum of employment and earnings in the registered/formal/ 'organised' and the unregistered/informal/ 'unorganised' sectors of the economy. In the latter sector, although not all activities bring low returns, most do, and all below the meagre official poverty line work in the informal sector. Available evidence clearly reveals that Dalits, Adivasis and Muslims are highly under-represented in better paid and higher status work, and disproportionately concentrated among those drawing lower salaries/wages in the informal sector.

<u>The Formal Sector</u>

[17] This is not to negate the fact that a certain proportion of funds in the developmental programmes are exclusively earmarked for the Dalits, women and Adivasis. Further, in the scheme of things, the social and economic backwardness of Muslims was apparently never realised and acknowledged. It was with the appointment of Sachar Committee and publication of its report that some marginal developmental schemes have been introduced for the welfare of Muslims.

Registered and entitled formal sector jobs constitute merely 8 per cent of the total employment available in the country. With the downsizing of the state from the beginning of the 1990s, the extent of informal sector jobs within the formal sector has been revealed. Not only are there caps on the creation of newer jobs (therefore intensifying pressure to obtain them), but existing jobs are also being sub-contracted to firms in the informal sector - including home-working. The past as well as present track record of the Indian state in providing avenues to historically deprived social groups and Muslims has left the constitutional goals severely unfulfilled.

With regard to Muslims in the public sector, the Prime Minister's High Level Committee on the Social, Economic and Educational Status of Muslim Community in India (hereafter SCR) [18] documents the under-representation of Muslims in terms of their share in the population in all categories of jobs in all departments of the central government as well as state governments, central and state government public sector undertakings, and banks and financial institutions. The majority of the jobs for Muslims are concentrated in Group C and D class jobs (See Appendix 1 Table 1).

The situation of Adivasis in the public sector is marginally better than that of Muslims. In proportion to their population, they are vastly under-represented in all the departments of the central government, banks and financial institutions. They are about proportionately represented in the central government-owned public sector units, the reasons being that Adivasis are over-represented in the lowest paid Group D jobs, thus retrieving their overall representation [19] .

With regard to Dalits, most jobs given by the modern Indian state correspond to the position sanctioned to them in the Hindu social order. In other words, Dalits are grossly over-represented as sweepers and sanitary workers in various departments of central ministries, central public sector undertakings, public sector banks, financial institutions, state governments, local municipal government etc. The proportion of Dalit sweepers to total sweepers in various departments of central government ranges from 55 per cent to 75 per cent. [20] Dalit representation is less than proportionate to their population in Group A and Group B. In Group C jobs they constitute slightly more than their proportion in the population. [21] Commentators point out that this four-fold classification often hides the real truth. Each group has 8-10 grades and Dalits are mostly at the lowest each grade of each group. [22]

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[18] Prime Minister's High Level Committee on Social, Economic and Educational Status of Muslim Community in India, Government of India, 2006, pp. 92-94 & 164-175

[19] Government of India, National Commission for Scheduled Castes and Scheduled Tribes, Sixth Report, 1999-2000 & 2000-2001, pp. 182-185. Also see Table 5,6 and 7 in Appendix 1

[20] Ibid. Also see Table 5,6 and 7 in Appendix 1

[21] Ibid. Also see Table 5,6 and 7 in Appendix 1

[22] Partha S Ghosh, Positive Discrimination in India: A Political Analysis, Ethnic Studies Report, Vol. XV, No. 2, July 1997, http://www.ices.lk/publications/esr/articles_jul97/Esr-Ghosh.PDF

The Informal Sector

K.P. Kannan (Kannan: 2009) has argued that under the neo-liberal model of development in India, the dualism [23] between subsistence production and surplus-producing factory-based wage-work has been eroded and a work regime involving complex forms of labour flexibility is gradually being developed.[24] Crucial legal provisions protecting formal sector workers have been eroded in hitherto protected economic sectors. A new class of informal workers emerges in the formal sector. Then, instead of the vertical progression of workers from subsistence to surplus production, workers are pushed horizontally from the rural (largely informal[25]) to petty production and wage work in the urban informal economy. The informal economy is a danger zone, lacking any legal protection to work, at work or to social security, riddled with casual and flexible employment practices, oppressive working conditions, low wages, low bargaining power and regulation by social norms instead of formal rules and institutions, etc. It is shaped and segmented by social institutions concretised as economic regulators - caste, ethnicity, religion, gender, age and locality - as well as by private collective action in the form of guilds, trade associations and chambers of commerce. Drawing largely from micro-level case material, these attributes were initially theorised as a structure of accumulation in the book *India Working* published in 2003. [26] The various reports of the National Commission for Enterprises in Unorganised Sector (hereafter NCEUS [27]) insightfully document and analyse this segmentation at the macro level.

[23] Dualism refers to the analytical concept which divides the economy into a subsistence (agriculture) sector and a surplus generating sector (industry). The main focus of the definition was the low labour productivity in the subsistence sector. It was posited that a process of development entails the expansion of the high productivity sector, by absorbing more and more labour from the subsistence sector, that is, from agriculture. The acknowledgement of dualism also meant that state actively intervenes in investment in infrastructure as well as industry and services. The state also generates savings and propels the private sector to complement the private sector. One of the important features of this model was the role of deficit financing for financing development in general and investment in particular See. K.P Kannan, 'Dualism, Informality and Social Inequality: An Informal Economy Perspective of the Challenge of Inclusive Development in India' in *Indian Journal of Labour Economics*, Vol. 52, Number 1, January –March, 2009

[24] See Jens Lerche (2010) ('From 'rural labour' to 'classes of labour': class fragmentation, caste and class struggle at the bottom of the Indian labour hierarchy' in B Harriss-White and J Heyer (eds) *The Comparative Political Economy of Development: Africa and Asia,* Routledge, London, pp 64-86) for evidence of the classes of labour in India. Also see Messadri A. 2008 The rise of neoliberal globalisation and the 'new-old' social regulation of labour : a case of Delhi garment sector *Indian Journal of Labour Economics* 52, 4 who suppliees evidence about the variety of production conditions giving rise to labour unfriendly garment-making industrial clusters throughout India.

[25] The informal economy provides work and livelihoods to 92 percent of the workers and their families and also contributes over half of India's GDP.

[26] Barbara Harriss-White, *India Working, Essays on Society and Economy,* Cambridge University Press, 2003, Cambridge.

[27] For instance, refer, National Commission for Enterprises in Unorganised Sector *Report on Conditions of Work and Protection of Livelihood in the Unorganised Sector*, Government of India, New Delhi; 2007a; National Commission for Enterprises in Unorganised Sector, *Report on Social Security of Unorganised Sector*, Government of India, New Delhi, 2007 b

Kannan's most recent research into identity and poverty in the informal economy confirms the outcome of this regulative structure (Kannan: 2009)

1. In terms of income, the four poverty groups – the extremely poor, poor, marginal and vulnerable - cover about 88 per cent of the Dalits/ Adivasis; 84.5 per cent Muslims, and 80 percent of the OBCs, whereas only 55 per cent of the population belonging to 'others' (who are not Muslim, OBC, Dalit and Adivasis - read Upper Caste Hindus and a small minority of other social groups) are situated in these four population groups. In the higher income categories, Dalits/Adivasis, Muslims and OBCs constitute only 1.0 per cent, 2.2 per cent, and 2.4 percent respectively, while 11.2 percent of 'others' (other social groups) find their place in this top income bracket (See Table 2, Appendix I for more details).

In the informal sector workforce, Dalits and Adivasis constitute the highest proportion of the population – 89 per cent – situated in the four poverty group categories. Out of the total of Muslims in the informal sector workforce, 85 per cent find themselves in the lowest four income groups - likewise 80 per cent of the total informal-sector OBCs. In contrast, only 59 per cent of 'others' are in the poverty groups Further, the share of 'others' in those classes of the informal sector workforce earning middle and high incomes is relatively high - about 42 per cent. In comparison, the proportion of Dalits/ Adivasis, Muslims and OBC in the middle and high income brackets is merely 11.5 per cent, 15.3 percent, and 19.9 per cent respectively (See Table 3, Appendix I for more details).

More than 95 per cent of the female work force finds work in the informal sector. Most of their labour is unaccounted for in the national accounts, because their work is mainly home-based. As the horizontal shift from the rural informal economy to the urban economy gains momentum for men, agricultural work is increasingly left to women, whose labour is again largely unaccounted. Women invariably command lower wages than their male counterparts, even if the quantity, quality and productivity of work done is identical or indistinguishable. Kannan (2009) also points out that even in the 21st century, wages correspond to the hierarchy of the Hindu social order: the social group classified as 'others' earns the highest wages, and Dalits and Adivasis earn least. OBCs' wages are below the 'others', followed by Muslims. Wages are further segmented along the axis of gender. But women's wages do not correspond to the social hierarchy reflected in the male wage rates. It is Muslim women who earn the most, followed by Dalit and Adivasi women (See Table 4 Appendix I). This is hard to explain. Kannan conjectures that upper caste women do not get higher wages because of their unwillingness to work outside the home and under an employer, whereas Dalit and Adivasi women are found to be engaged in all kinds of work, including tasks that are hazardous and oppressive. [28]

[28] Kannan does not explain the remarkable positioning of Muslim women workers.

Does Political Regime Matter?

There is not enough literature in the Indian context on the relationship between political regimes and discrimination, deprivation and marginalisation. The study of four states done by Kohli[29] in the late 1980s provided evidence to show that political regimes which have Left or Left of Centre ideology are those which fare better in delivering pro-poor polices and programmes. Later John Harriss[30] classified pro-poor political regimes on the basis of the relation between party politics and class formation and its politics. Recent research by Harriss-White and Vidyarthee[31] studying the entry of Dalits and Adivasis in the economy as owners of businesses finds that the regionalisation emerging from Harriss' analysis does not account for the specificities of the incorporation of Dalits and Adivasis into India's business economy. They reveal inverse - though different and specific - spatial relationships between the relative density of Dalits and Adivasis in the population and their relative participation in the non- farm economy as owners of firms. This research shows that India has a series of distinctive regions of relative advantage and disadvantage for SCs and for STs.

However, the evidence gathered by Kannan and the SCR suggests that social identities over-determine the results of the operation of labour markets and other segmented markets in the informal economy. The SCR evidence for formal sector employment suggests that in no state[32] does the representation of Muslims match their population share. With the help of data on income inequality, Kannan concludes that for socially advantaged groups, regional location is 'less of a constraint, if not irrelevant'. In other words, the different nature of political regimes in different states makes hardly any difference to the higher income status of upper caste Hindus. With regard to the 'lowest social group' – Dalits and Adivasis – in Kannan's analysis their regional location is equally unimportant.

It appears that the economic status of DAM appears to be incongruent with the classification of political regimes which do not pay attention to the politics of DAM incorporation - and which lumps them instead into the catch- all category of 'the poor' and 'lower castes and classes'.

Why is Discrimination perpetuated through State Institutions?

This evidence shows that social groups constituting DAM face the brunt of the unequal outcomes of practice and implementation of state policies. State policies that exclude people made

[29] Atul Kohli, *State and Poverty in India'* Cambridge University Pres, Cambridge, 1987

[30] John Harriss, ' Comparing Political Regime Across Indian States' in *Economic and Political Weekly,* Issue 30 No 8, pp 3367-77. 2009

[31] Barbara Harriss-White with Kaushal Vidyarthee, 'Stigma and Regions of Accumulation**:** Mapping Dalit and Adivasi Capital in the 1990s' in B Harriss-White and J Heyer (eds) *The Comparative Political Economy of Development: Africa and Asia,* Routledge, London, pp 64-86, pp 319-349

[32] SCR analysed the data of 12 states.

capability-poor and asset-less by the process of development on account of their identities, have the most severe impact on DAM because their exclusion is reinforced by discrimination. To develop this argument, we need to understand the state's project at the macro level and then point out its implications for exclusionary and discriminatory tendencies at the micro level.

At the macro level, the Indian polity has witnessed increasing tension between what we call the forces of market economics (or capitalist development) on the one hand and the politics of democracy on the other. The former is revealed in the long list of policy measures whose purpose is to galvanize growth through private capital. These policies have resulted in new institutions, for instance, the regional stock exchanges, Special Economic Zones, sophisticated infrastructure, new urban forms, and (virtual) Technology Parks. In the absence of institutions which can distribute the benefits of growth equitably across regions, social groups and classes, such policy measures benefit the new professional classes and the capitalist elite. At the same time, India is witnessing fierce political mobilization. India's electoral democracy not only enhances popular aspirations and expectations but also forces the state to adopt 'development' measures whose purpose is to buy-off opposition and/or minimally protect the victims of development. Those best known are the Public Distribution System, the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), the Tribal bill etc. However, policies supported by 'market economics' reveal political commitment, urgency, fast-track implementation, and the capacity to enforce, whereas initiatives impelled by the politics of democracy languish at the stage of reports of commissions of enquiry. At best they hobble towards implementation [33] (for instance, the processes leading to not one but three draft social security bills for informal sector workers) and at worst, they are abandoned or left in a limbo (for instance, several of the recommendations of the NCEUS, e.g, public employment programme for unorganised sector workers especially in urban areas, formulation of National Labour Code etc. and recommendation of N.C. Saxena Committee Report which recommended the automatic inclusion of social groups like designated primitive tribal groups, most backward and discriminated amongst Dalits, single women and minor headed households, destitute households, bonded labours among other criterions in the Below Poverty Line population). The effective implementation of pro-market policies benefits and reinforces social groups which are strong in capabilities and assets, and excludes and perpetuates the deprivation of social classes and groups lacking them. We have already shown how closely the distribution of income and hierarchies of identity converge even after 63 years of independence. This macro level structural constraint results in a capability deficit inside the state itself which prevents it from embarking on an inclusive policy regime since it practices what its policy documents do not preach.

[33] The numerous case studies of NREGA corroborate this point.

Still, how do we explain the plethora of government policies and schemes dating continuously from the early 1970s which aim to rescue people from abject poverty, and deprivation and social discrimination?

Forms of exclusion which originate in social identity were never given serious political consideration by Indian planning and policy processes. All characteristics of identity (except for gender) were subsumed under universal categories derived from political citizenship[34] – hence drought prone areas, desert areas, small and marginal farmers, pregnant and lactating women and their children, 'poor' (for the PDS), 'poor' (for the IRDP), not to mention 'famine' affected regions and 'emergencies'. This is not to negate the fact that there are specific schemes which have funds earmarked exclusively for particularly deprived social groups such as scheduled castes and tribes (and extremely exiguously for the scores of millions of people displaced by development schemes in the 'national interest'). But these schemes have faltered for reasons that are structural as well as functional. To the extent that these schemes push for a specific cause within a general framework of development without being sensitive to the special institutional ramifications and multiple pre-conditions required for integrating social constituents of DAM in the development process, structural factors are at work. To the extent that there is no institutionalised regulation (for instance any penalty) in the common case where funds earmarked for the special schemes are left unutilised (for instance the money left unspent in MGNREGA), these schemes are functionally useful for the interests intending these scheme to be contained.

The capacity of the state to deliver and enforce has always been under erosion and attack. Most social development schemes are seen to be captured by entrenched interests. The state seems to be losing its autonomy on this front through two interrelated processes. The first is the existence of enormous and complex rent-seeking processes making the boundaries of the state porous to private interests.[35] The exchanges across boundaries should not be seen merely as the autonomous institution of 'rent-seeking' and 'rent-giving' (side-stepping the official rules for private gain or purchasing eligibility to defraud the state); they are also as a product of wider socio-economic and political processes. Mushtaq Khan stylises it as generalised patron-client relationships. He argues that pyramidal patron–client networks emerge as the most rational form

[34] Fernandez B 2008 (En)gendering Poverty Policy in India:towards a new feminist theoretical framework; unpublished D Phil Thesis, Oxford University

[35] With Khan and Jomo, we see rents as universal. There are far more types of rents than recognized in standard theories of good governance or corruption : monopoly rents, natural resource rents, Schumpeterian rent, information and learning rents, management rents and political transfer rents. The latter in turn work downards (minimally assuaging the victims of industrial capitalist development) cross wise (ceding to opponents of the process) and upwards (the major stream - providing for and protecting productive investment). Some are necessary for efficiency and growth. Some are counterproductive. States have to create, defend, manage and differentially phase out structures of rents in the context of severe path dependence once the structure is in place and severe contestation (Khan 2001 pp 1-140) in (eds) M Khan and K.S. Jomo *Rents, Rent-seeking and Economic Development in Asia*. Cambridge U Press.

of organisation for faction leaders who face the institutional / resource scarcities of the state and who sooner or later will be voted out. They use the network to reinforce their position in the political power structure. 'What political factions seek is not the construction of a coalition that can mobilize votes to allow a transparent renegotiation of taxes and subsidies, but a coalition that can mobilize organizational power at the lowest cost to the faction leader, to achieve a redistribution of assets and incomes using a combination of legal, quasi-legal, or even illegal methods' (Khan 2005:719)[36]. On the one hand while private individuals need the state to purse their interests, on the other the political elite controlling the state also requires rents to carry out their political objectives (see footnote 30). But political funding and social status are not the only means to develop proximity to the institutions of the state. There are other social institutions (for instance, caste networks, networks formed through religious/regional identity, family or clan contacts and marriage alliances) that facilitate access or proximity to state power and help either to facilitate rent-giving or to articulate kin, caste or other collective interests through the apparatus of the state. [37] The Indian state is a private interest state.

The second process is the loss of the autonomy of the state to execute development policy is through compromise of the rational framework of its Weberian bureaucracy. The Indian state is not secular. While executing development policies, State officials also mirror the wider social structure. They are not prevented from expressing their ideological beliefs through to colour their official actions and hence may deliberately act against the interests of DAM. Policies directed towards disadvantaged social groups may be neglected, under funded, selectively implemented - or completely sabotaged. A telling insight comes from the research of Mendelsohn and Vicziany[38]. They conclude that despite more than half a century of 'anti' and 'compensatory' discrimination policies by the central and state governments respectively, the major beneficial impacts for Dalits have come from policies aimed at the entire population and not from ones focussed specifically on 'untouchables'.

Markets and Discrimination

The liberal / normative understanding of the market as an institution is that it be neutral between individuals and that it determine outcomes at the intersection of demand and supply[39].

[36] Khan, Mushtaq H, 2005, 'Markets, States and Democracy: Patron-client Networks and the Case for Democracy in Developing Countries'. *Democratization* 12(5):704 - 724.
[37] Aseem Prakash, 'Dalit Entrepreneurs and Role of State in Markets', Forthcoming
[38] Mendelsohn, Oliver and Marika Vicziany, 2005, *The Untouchables: Subordination, Poverty and the State in Modern India*. Cambridge: Cambridge University Press.
[39] Amartya Sen, *Development as Freedom*, OUP, New Delhi, 1999, pp 111-145

Theoretical formulations on markets – from Neo Classical Economics or New-Institutional Economics[40] - suggest that the expression of social identity will subvert market competition in the long run because it results in sub-optimal market outcomes. Economic exchanges that are to be structured through ascribed social identity are thus expected to wane in importance in favour of secular transactions grounded in acquired factors such as skills, competence and reliability . Against this backdrop, we briefly analyse the Indian evidence.

An individual's agency in entering the market can take two forms. First, s/he may work as wage labour. Second, s/he may be an own-account worker/ self-employed and carry out economic activity as an owner of capital (however small or large), seeking to earn returns to investment in various kinds of production, trade and services. We saw that as wage earners, the social groups constituting DAM are discriminated against and marginalised. Now we outline the terms and conditions of operation of these social groups when they enter the market as owners of capital.

The most important requirement of any such market presence is the availability of credit, both formal and informal. As far as formal credit is concerned, the following facts need appreciating:

1. According to the SCR, Muslims have far less access to credit from banks and other formal financial institutions in proportion to their population share. There is an enormous lag when one examines the available data for priority sector lending. Even when Muslims are able to get loans sanctioned, the average amount obtained is small in comparison to other social groups. More importantly, when it comes to access to finance from the Small Industries Development Bank of India, Muslims face a double disadvantage. First, they account for a significantly smaller percentage in the amount sanctioned and disbursed than non-Muslims; and second, the amount sanctioned and disbursed per account is about one-third of the average ratios. The story of finance from the National Agriculture Bank for Rural Development (NABARD) is also similar. The SCR report notes that credit from NABARD, even in minority-concentrated districts, is plagued by inadequate targeting.[41]

Surjit Singh in his review of credit extended to Dalits and Adivasis by various public sector banks and financial institutions for the period 1997-2005, concludes first that credit and finance is not flowing either fairly or adequately to them and second that their priority sector credit targets are mostly un-met. The performance of public sector banks is unsatisfactory. The

[40] For a review of these schools see, Aseem Prakash, (2010) 'Dalit Entrepreneurs in Middle India' pp. 219-316 in B Harriss-White and J Heyer (eds) *The Comparative Political Economy of Development : Africa and Asia*, Routledge

[41] The Prime Minister's High Level Committee on Social, Economic and Educational Status of Muslim Community in India, Government of India, 2006, pp. 123-136

credit extended to deprived groups in relation to their deposits neither matches the aggregate credit-deposit ratio nor correspond to their share in the population Even the Scheduled Caste and Scheduled Tribe Finance Development Corporations seem not to have disbursed their full budgets in recent years.[42]

Informal credit for social groups constituting DAM is even more difficult to access. Informal credit is largely controlled by caste/ clan / religious networks and groups. They also regulate the entry of new firms. Any market entry by DAM is discouraged and resisted. Prime sites are denied. Credit is either denied or extended at relatively higher interest rates than for higher castes and classes, even if adequate collateral is offered. In the purchase of goods from the wholesalers, the time allowed for repayment is relatively short or the price charged is higher[43]. Structured in more or less rigorous ways through caste, these networks also allow owners of capital to gain access to state officials and other sources of power, which help them in the daily regulation of their transactions[44]. Thus it is this collective action that contributes towards the promotion of an instituted market competition which on the one hand enhances the advantages of dominant players (who also belong to higher social status groups), and on the other hand results in adverse outcomes for marginalised social groups. It is unusual for this set of relations not to be self-reinforcing.

The crucial question which demands an answer is: How do we factor in the presence, and in the same instance the domination, of informal institutions (caste, clan religion, gender etc.) within the *formal* institutions of the state through which market exchange is regulated? How do we understand the work of apparently impersonal market institutions (for instance credit agencies) when they practise discrimination and exclusion by making credit available for the higher status client, while constraining liquidity for low status groups – irrespective of their collateral - thereby drastically affecting outcomes in the market in ways which differentiate market-driven social structures?

In order to answer these questions, we need to understand the factors which contribute to the 'blurring of boundaries' (the social traffic across boundaries) between informal and formal institutions governing markets.

The book *India Working* develops an argument that market exchange and competition is impossible without collective regulative action, which, in the absence of impartially enforced state regulation is grounded in India in caste and the other local-level collective action which is

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[42] Surjit Singh, 'Financial Exclusion and the Underprivileged in India' in Aseem Prakash (ed) Towards Dignity: Access, Aspiration and Assertion of Dalits in India, forthcoming

[43] See Aseem Prakash, (forthcoming) 'Dalit Entrepreneurs in Middle India' pp. 219-316 in (eds) B Harriss-White and J Heyer *The Political Economy of Development : Africa and Asia, 2010* Routledge and Zarin Ahmed, ' Querashi Biradiri in Chandni Chowk' CSE, New Delhi, Mimeo, 2009

[44] See Aseem Prakash, (forthcoming) 'Dalit Entrepreneurs in Middle India' pp219-316 in (eds) B Harriss-White and J Heyer *The Political Economy of Development : Africa and Asia, 2010* Routledge

socially exclusive. These groups perform several essential tasks. They form the basis of a social network, they regulate market exchange and the spatial arrangements of marketplaces, they define contract, entry and necessary skills, they may insure, provide occupational guarantees, organise modest redistributive philanthropy, represent occupational associations to the state, they woo the state for concessions and repel the state's own attempt to regulate them. The corporatist social identity of the group also supplies them with an ideology of social hierarchy. The emphasis on cohesion helps us to make a critical link between exclusion and discrimination. Individuals are excluded or adversely included not only for economic reasons, but also due to deep-rooted social values. If ideology, deriving its basis from the group's ascriptive identity, persists as the basis for collective action against other social groups in the market economy, how do we explain the fundamental changes that have occurred in India under the official ideology of the Indian state, namely *modernisation*?

India Working takes the example of caste to analyse this question, which we assert will hold true - until explicitly refuted - for market transactions between all social groups wherever the state does not enforce its own regulatory laws.

Without denying the enormous changes witnessed in the caste system, 'India Working' argues that the elements of the caste system are often rearranged, leaving the principles intact. [45] This implies, first, that the ideology of caste forms the basis of socially corporatist projects even when its hierarchical 'ladder' is being degraded and challenged. The ideology of caste is part of the social structure of accumulation. [46] Occupation-related business associations have developed and secularised themselves from caste associations. So second, the caste-cum-business association provides the basis for the consolidation of networks in the market; it thwarts competition, mobilises resources and controls labour; it structures the regulation of the market.[47] Third, caste helps to support the politics of markets [48] which govern the operation of market exchange. In the process, it blurs in the real economy the clear theoretical boundaries between the state, market and civil society.

The politics of markets involves: (i) ushering in non-competition with the help of the social networks through which market exchange is construed, (ii) defending economic interests

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[45]Barbara Harriss-White, *India Working: Essays on Society and Economy*, Cambridge, Cambridge University Press, 2003, p.177

[46] The theory of social structure of accumulation analyses the relationship between capital accumulation processes and the set of social institutions that affect those processes. The central idea that capital accumulation over a long period of time is the product of the stabilising role played by supporting social institutions.

[47]Barbara Harriss-White, *India Working: Essays on Society and Economy*, Cambridge, Cambridge University Press, 2003, p.197

[48] The school of 'social embeddedness' makes a distinction between markets as politics and politics of markets. The former implies that the state plays an important role in the formation of institutions of the market - property rights, establishment of state institutions for private trade, rules of exchange, credit facilities and other conditions under which economic agents compete, cooperate and exchange.

with the active help of social contacts in the state, (iii) manipulating party politics (funding all political parties defensively and reactively rather than being identified with one), and (iv) enforcing market contracts through social rules rather than state sanctions, and (v) running small acts of philanthropy or service provision in parallel to the transfers of the state . In the context of our comments on the state, (i), (iv) and (v) above imply the *withdrawal* of the state - ceding regulative power to dominant castes/groups, (ii) requires the presence of an active state *supporting* the interests of dominant castes and (iii) refers to the means used by the dominant castes to gain *access* to the state.

However, the social structure of accumulation - supporting and sustaining discrimination in market exchange - is forged and reproduced in the realm of civil society. This brings us to the final sphere through which the ideas, power and politics of the regime of discrimination operates.

Civil Society and Discrimination

If discrimination is operationalised through the state and in market exchange, it is born, nurtured and acquires deeper roots in the realm of civil society. It is here that the ideas sustaining and supporting the values of discrimination is disseminated. Civil society is also the domain where any resistance against discrimination is met with violence. What is the nature of civil society in India which gives birth to, and sustains, discrimination?

Four kinds of roles may be distinguished; formal and informal, open and hidden.

First, with respect to the formal role of civil society, despite a massive wave of party political assertion by Dalits and other oppressed people, the achievement of increased space for political pluralism (the expression of a diversity of interests) has not been translated into a coherent political-economic project of economic inclusion (for workers or petty producers) or of social plurality. The regional parties, given an electoral mandate to question both regional and social marginalisation (which has resulted from rule by the formerly dominant political parties) have succeeded much better in political terms than they have in relation to the economy. However, now all political parties appear to converge on the neo-liberal economic project. This convergence on a non-party differentiated economic project results in the further exclusion of petty-producing / asset-less and capability-less individuals. The social groups constituting DAM are concentrated at the bottom end of the economic ladder and their exclusion is further reinforced by discriminatory trends already rampant in society. Inclusive Development as a project is replacing economic marginalisation by Identity and restricted to limited wage work projects and the expansion of reserved state employment.

Second, new social movements have organised themselves to demand the inclusion of social groups left out of both state-led as well as market-based development. They lay claim to

economic citizenship and to the guarantee of the livelihood resources currently at their command, but threatened by development-induced displacement (e.g. *Narmada Bachao Aandolan*[49], many movements against SEZs[50], etc.). Even these movements have not been able convincingly to articulate an alternative development agenda for the protection let alone the promotion of the mass of informal self-employed and wage workers. Hence this numerically significant part of the workforce continues to remain at the periphery of development and political 'discourse' which is itself without consensus on this important issue. 'At best', sporadic political agitations now demand new guarantees in order to gain access to state-supported livelihood opportunities and development resources (for instance, the Gujjars - in Rajasthan, Haryana, and UP in 2008 - who have been incorporated into the market-based accumulation process and now demand reservation privileges under the category of Scheduled Tribes).[51]

Third, civil society has strengthened, rather than dissolved, religion and caste in what Satish Saberwal called its 'cellular' organisation or it has done both simultaneously. This has accentuated relations not just of passive exclusion but also of active expulsion. Caste collectives, in both urban [52] and rural areas[53], play an increasingly powerful role in intra-group and inter-group affairs, and also facilitate the relationship of their respective groups with the local state. Often, members of such social collectives have an influential formal presence in the state such that kinship spans state, market and civil society. In such a scenario, the might of the state informs the power of the social collective and vice versa.

Fourth, dominant castes / religious groups are growing intolerant of assertion from the lower caste groups. Civil society - and the economy – have been sites of violence - both physical and latent. An attempt to claim equality is often met with open violence [54], and open assertion on the part of religious minorities may result in blatant and bloody violence by the majority community. Several riots and mayhem against Christians and Muslims in the last decade stand testimony to this fact. [55]

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[49]See Madhav Gadgil and Ramachandra Guha, 'Ecological Conflicts and the Environmental Movement in India', *Development and Change*, Volume 25 Issue 1, Pages 101 – 136, Pablo Kala, 'In the Spaces of Erasure: Globalisation, Resistance and Narmada River', *Economic and Political Weekly*, Vol. 36, No. 22 (Jun. 2-8, 2001), pp. 1991-2002

[50] See, Swapna Banerjee-Guha, (), 'Space Relations of Capital and Significance of New Economic Enclaves: SEZs in India', *Economic and Political Weekly*, Vol. 43, No. 47, 51–9.2008

[51] B. Sahni, Binda 2009 Economic Citizenship in India : A Socio-Legal Comparison of Two Cases , Heidelberg Papers in South Asian and Comparative Politics, No. 46, April 2009; ISSN: 1617-5069

[52] Aseem Prakash, 'Social Collectives, Political Mobilisation and the Local State', Paper Prepared for the International Workshop on "Democratic Innovation in the South", San José, Costa Rica, 5-6 March 2007

[53] Aseem Prakash, 'Social Conflict, Development and NGOs: An Ethnographic Analysis', Oxfam Policy Paper, Ahmedabad, 2008

[54] Manoranjan Mohanty, 'Kilvenmani, Karamchedu To Khairlanji: Why Do Atrocities On Dalits Persist',

[55] See the economic analysis of the Gujarat pogrom in B Harriss-White 2005 *India's Market Society* Three Essays Press, New Delhi

These four macro-political-economic trends in the development of civil society throw up one common analytical point. Powerful civil society associations are increasingly articulating the socio-political agenda of locally dominant social and economic collectives. [56] All of them appear to be creating the political and social basis for the exclusion or adverse incorporation of less asseted and capability endowed people in general, and the discriminatory exclusion of DAM in particular. This is India's *regime of discrimination*.

III: Economic Citizenship: A Way Forward for Substantive Equality

In light of this discussion on the regime of discrimination in India, it would be unreasonable not to conclude that in the course of daily life and in livelihood struggles, citizens belonging to disadvantaged social classes have fewer claims on state and society in comparison with individuals belonging to dominant classes. As we saw at the outset, this social reality is in sharp contrast to the promise of the Indian constitution guaranteeing equality before the law - as well as substantive equality to all its citizens[57]. The directive principles also expand the scope of this idea of equality to include equality in the socio-economic sphere. [58]

The demand of equality is not only an individual moral claim to respect as a human being but also a political claim on the state by a citizen. The basis of any individual's claim on the state arises from the fact that the state sets out to provide a set of socio-economic and political rights to its citizens and also gives a formal guarantee to protect them. In case of violation(s) of his/her rights, the citizen has the option to take recourse to various institution(s) established for this purpose. [59] The relationship between the state and citizen is one of the crucial hallmarks of a liberal democratic society.

Has the Indian state fulfilled its democratic mandate and duty? This paper suggests it has been selective on these counts[60] - allowing the rights of many citizens to be routinely infringed

[56] The progressive civil society actors of various shades still try and react to the agenda of the dominant social groups rather than setting the agenda

[57] Formal equality is a principle of equal treatment of individuals. In other words, individuals who are alike should be treated alike. However, the claim of formal equality is limited to the treatment *in relation to* another, similarly situated individual or group and does not extend beyond same-treatment claims to any demand for some particular, *substantive* treatment.

[58] For a good discussion on the provisions of Indian Constitution, extending formal equality before law, substantive equality in socio-economic sphere, see chapter I and II of Report of the Expert Group on Equal Opportunity Commission, Ministry of Minority Affairs, Government of India, 2009

[59] Grievance redressal can be through petitioning, approaching court of law, coalmining to police. It can also be through strikes and protests or giving a negative vote against the government of the day.

[60] The persistence of discrimination in India is now formally accepted. The Government recently appointed Expert Group on Equal Opportunity and Diversity Index in order to seek expert opinion on how to address

and sometimes blatantly violated - so much so that their identity as a citizen is compromised. Why does this happen? Is there a problem in governance or with our theory of the relation of the state to its citizens? In focussing on political citizenship, theory neglects the question of economic citizenship. Retrieving the concept and developing a project of economic citizenship would allow citizens to lay claim on several of the socio-economic rights enumerated in the Directive Principles of State Policies[61]. What is economic citizenship and how can it contribute to mitigating the constraints that emanate from the regime of discrimination? In the next section we take up this issue. But before doing this, we review the debate about citizenship in order to convey the point that an emphasis on a secular universal notion of citizenship may exclude the demands of specific socio-cultural groups.

A Brief Survey of Concepts of Citizenship

In order to understand the concept of economic citizenship, we contextualise it in other concepts of citizenship. This will allow us to differentiate the agenda of economic citizenship from other competing agendas.

The most influential theory of citizenship was developed by T.H. Marshall. [62] According to Marshall, citizenship is an institution that ensures that every individual is treated as a full and equal member of society. This can be ensured by providing citizenship rights. Marshall divided citizenship rights into three. First, civil rights were necessary for an individual's freedoms. They included elements such as freedom of speech, the right to own property and the right to justice. Second, political rights included the right to participate in the exercise of political power, in particular the rights to free elections and a secret ballot. Finally, Marshall set out social rights that provided for social welfare and human development. He argued that these dimension of rights developed slowly over time and that they penetrated society unevenly through class formation and struggle. These rights can only acquire full expression in a liberal democratic state.

This theory been subject to much criticism from the neo right which pointed out that Marshal's conception of citizenship promoted passive citizenship and fostered dependency on the state - due to the latter's obligation to provide social protection. To this, left critics responded that the real-world project of the neo-right has created a social underclass, and that far from having access to social protection, the working poor have been 'disenfranchised' from participating in the 'new' economy. Critical scholars have further argued that citizenship involves both rights and responsibilities, but that rights should precede responsibilities.

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various forms of discrimination.

[61] Of course, such an approach to citizenship will also will require democratic institutions for appropriate check and balance. Further, this concept was primarily defined for a capitalist economy.

[62] Marshall, T. H. *Citizenship and Social Class and Other Essays*, Cambridge University Press, Cambridge, 1950

Later, both schools moved towards convergence as far as the issue of social citizenship was concerned. For different reasons, both right and left supported a move towards the decentralisation and democratisation of the welfare state. The left supported this for the sake of further deepening democracy and decentralising control over decision making. For the right, besides these apparent concerns, their crucial motive was to help the state's withdrawal either by handing over the local management of social development to the community or by allowing them to raise taxes at the local level (as in the case of user fees).

Meanwhile civil society theorists argued that neither the market nor political participation is sufficient to embed the virtues of civility - a hallmark of citizenship. Instead it is in the voluntary organisation of civil society that citizens learn the virtue of mutual obligation and is central to active citizenship. Against this, it has been argued that joining a particular association, for instance, a religious or ethnic association may be more a matter of withdrawing from the mainstream of society than of learning how to participate in it. [63]

All these arguments about citizenship abide by the logic of universalism where 'secular' citizenship becomes the primary attribute of individuals in the social and spatial territory of the nation. In the context of actually existing India, we have seen how such universalist concepts are difficult to sustain and that the notion of universal secular citizenship is remarkably weak. Indeed different social identities form the basis of India's persistent regime of discrimination just as they form the social structure of accumulation in the informal economy.

However, we cannot discard the notion of citizenship. Citizenship is a crucial concept which is usually seen as a derivative of democracy and justice, that is, a citizen is someone who has a democratic right and claim to justice. [64] We need to explore the ways and means by which an individual not only has formal but also substantive equality, consistent with India's constitution. This is the urgent task of both public policy and civil society activism and mobilisation. We will argue that economic citizenship can be one of the crucial means to push this 'governance' and political agenda.

IV Towards a Conclusion: Principles of Economic Citizenship and the Governance[65] Agenda

In the final substantive section, we summarise the facts which flow from our earlier analyses of India's regime of discrimination and the social structure of market regulation and accumulation in the informal economy - and then contextualise them in the principles of economic citizenship.

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[63] A good review of theories and debates on citizenship is available in Will Kymlicka and Wayne Norman 'Return of the Citizen: A Survey of Recent Work on Citizenship Theory', Ethics, Vol. 104, No. 2, (Jan., 1994), pp. 352-381

[64] Will Kymlicka and Wayne Norman 'Return of the Citizen: A Survey of Recent Work on Citizenship Theory', Ethics, Vol. 104, No. 2, (Jan., 1994), p

[65] Governance as a concept recognises that there are pluralities of institutions which shape public policy regime. It includes, government, civil society actors and think tanks pursuing conceptual as well as evidence based research.

Facts I:

Citizenship rights and responsibilities do not always follow the universal norms privileged by the constitution of a liberal democratic state. They are developed in specific social, political and cultural contexts. Members of particular social groups may be both politically and economically excluded (despite possessing common rights of political citizenship) not only because of their low economic status but also due to their socio-cultural identity[66].

The Case for Economic Citizenship I:

The concept of Economic Citizenship recognises the existence of a plurality of social classes. But all ought to have equal as well as substantive claims to public and social resources. Every individual - irrespective of their social identity - has the right to lay claim to processes that ensure equality of opportunity and equality in outcomes. A regime of equality of opportunity and equality in outcomes requires public policy to strive for – and enforce - substantive equality. Substantive equality implies taking steps to neutralise indirect discrimination; recognising and addressing not only current circumstances but also the legacy of history. The governance regime has not only to undertake the negative project of ensuring non-discrimination but it also has to play an active, positive role in creating parity of circumstance. [67]. How do we achieve this in a capitalist economy?

Facts II:

The present phase of capitalist development in India is informalising what was already an overwhelmingly informal work force. Work opportunity in the informal sectors is largely shaped at the intersection of class, caste, gender, ethnicity, religion, age and locality. Further, it is also regulated by private collective action. Returns from self-employment, - the commonest form of production – and from wage labour persist in corresponding to the Hindu hierarchical social order: the upper castes are the highest earners (however low this may be in given local circumstances) and Dalits/Adivasis find themselves at the lowest ladder of earnings. In between lie the OBCs and Muslims. As far as self employed/ own account workers are concerned (whether small, marginal or big), evidence show that it is quite hard for DAM to enter the market

[66] Under authoritarian regime, it is theoretically possible to have equal economic rights irrespective of ascriptive identity but then it will lack on political rights

[67] For relationship between discrimination, equality of opportunity and substantive equality, refer Chapter II of Report of the Expert Group on Equal Opportunity Commission, Ministry of Minority Affairs, Government of India, 2009

place and even more difficult to compete, accumulate and reinvest productively [68]. Social networks based on ascriptive identity regulate market exchange, define contract, entry and necessary skills, represent occupational associations to the state, they woo the state for concessions and repel the state's own attempt to regulate them.

The Case for Economic Citizenship II:

The project of economic citizenship calls for state-led and supervised political and social arrangements which guarantee the economic rights of the disadvantaged in the market; ensure equality of opportunity and equality in the outcome of economic processes. Clearly this project has to keep a consistent and supportive watch on social groups which are excluded or adversely included in the market in order proactively to design steps towards creating parity of circumstances at work, in production, and in the economic arrangements surrounding social reproduction. The project of economic citizenship must also be vigilant so that the rights of discriminated and marginalised people/ citizens/ political citizens are preserved by the state in the 'new' economy - where the state-led development and growth has been replaced by market-led growth and development.

Facts III:

Historically disadvantaged social groups find themselves devoid of a powerful political voice that can articulate their economic interests. Even when Dalits have found political articulation, their economic interests have yet to be articulated. India's political process does not have a well worked-out decent work agenda for informal sector petty producers and wage workers who constitute 92 per cent of the work force. Civil society is largely dominated by social collectives which acquire their primary identity through ascriptive attributes. These dominant social collectives are instrumental in creating exchanges that cross the boundaries between state, market and civil society.

Case for Economic Citizenship III:

The project of economic citizenship also requires a consciously-designed struggle for political space in order for civil society actors to work in the interests of the social groups constituting DAM. Only sustained pressure from below can ensure the prioritisation, legitimisation and sustenance of the agenda of economic citizenship. The formidable challenge for social movements and other civil society actors is to empower the victims of capitalist

[68] It is true that there are scores of Mulism clusters (self employed Muslims undertaking diverse economic activities). However, mostly they find themselves used and economically exploited by Hindu Middlemen (for instance, chicken workers in Lucknow, or brass workers in Moradabad.

transformation to create 'rights' for resource transfers and economic claims both at work, and in social reproductive time and space, as a priority on the national political agenda. And to do this in circumstances when the same finite resources are contested by the new wave of capital capturing resources for their own purposes –and when opponents of productive 'mass' wealth-creation and of generalised human development still have political clout in a pervasive culture of fiscal non-compliance. These will need strategic contestations, tactical struggles and protracted negotiations,

V Coda

What Economic Citizenship is not

Economic Citizenship does not imply that previously recognised citizenship rights - civil, social and political rights - are not required for development. Economic citizenship is an analytical tool to push for the substantive equality promised by the Indian Constitution.

Economic citizenship is not a call for differentiated multi-layered citizenship. Differentiated citizenship implies that members of certain groups are incorporated into the political community not only as individuals but also through their group. Their rights then depend, in part, on their group membership – a condition manifest in much social exchange in contemporary India. [69] Economic citizenship is about deep diversity, that is, where social and cultural differences are recognized. But they are relegated to the private domain. They are no longer allowed to be the basis for retaining a socio-economic hierarchy in a democratic society and in the economy that is the material expansion of such a society. When the family is the building block of the economy, as it is in India, this aspect of economic citizenship is going to be an extremely difficult project in the absence of authoritative state regulation of all expressions of economic, provisioning activity.

[69] Iris Marion Young,. Polity and Group Difference: A Critique of the Ideal of Universal Citizenship. *Ethics* 1989, pp. 99:250-74.

Appendix 1

Table 1: Share of Muslim Employees in Selected Central Government Department and Institutions

Category/ Level of Employment	Total number of Employees#	Civil Services	Railways Telegraph	Post & Services	Security	Banks	Universities	PSUs***
Group 'A'	231619	4.8 (36.8)	2.5 (18.7)	3.8 (28.4)	3.1 (23.1)	1.7 (12.7)	3.7 (27.6)*	2.3
Group 'B'	122551	-	3.4 (25.4)	4.4 (32.8)	3.9 (29.1)			2.8 (20.9)
Group 'C'	1486637	-	4.9 (36.6)	4.8 (36.6)	4.8 (35.8)	2.5 (18.7)	5.4 (40.3)**	3.9 (29.1)
Group 'D'	659113	-	5.0 (37.3)	5.3 (39.6)	4.3 (32.1)			

Note: Figures in parenthesis are ratios (in percentage terms) of Muslims' share in employment of a specific department to their share in total population which is 13.4.

* Teaching Faculty, ** Non teaching Faculty
*** For PSUs Group A is Higher Managerial, Group B is Managerial and Group C & D Workers
# For employment number under Group A PSUs, Railways, Security Agencies, Postal, Civil Services are shown for Group B PSUs, Railways, Security Agencies, Postal; for Group C Railways, Security Agencies, Postal; and for Group D Railways, Security Agencies, Postal department are indicated
Source: Prime Minister's High Level Committee on Social, Economic and Educational Status of Muslim Community in India, Government of India, 2009

Table 2: Percentage Distribution of Population and Un-organised Workers by Poverty Status and Social Groups

	Population					
Poverty Status	Total	SC/ST	Muslim	OBC	Others	Informal workers
1. Extremely Poor	6.4	10.9	8.2	5.2	2.1	5.8
2. Poor	15.4	21.5	19.2	15.1	6.4	15.0
3. Marginal	19.0	22.4	22.3	20.4	11.1	19.6
4. Vulnerable	36.0	33.0	34.8	39.2	35.3	38.4
5. Middle Income	19.3	11.2	13.3	17.8	34.2	18.7
6. Higher Income	4.0	1.0	2.2	2.4	11.0	2.7
9. Poor & Vulnerable (7+8)	**76.7**	**87.8**	**84.5**	**79.9**	**54.8**	**78.7**
10. Middle & High Income (5+6)	**23.3**	**12.2**	**15.5**	**20.2**	**45.2**	**21.3**
11. All	**100 .0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Note: The official poverty line (PL) is the benchmark used for determining different levels of poverty status. Extreme poverty means those below 0.75PL, Poor means 1PL, Marginal means between 1 and

1.25PL, Vulnerable means between 1.25 and 2PL, Middle Income means between 2 and 4Pl and High Income means above 4PL. For details see the Appendix in Sengupta, Kannan and Raveendran, 2008. The data on consumer expenditure computed for determining poverty status are from the consumer expenditure schedule attached to the Employment and Unemployment Survey of NSS 61st Round. This a slightly abridged version of the detailed consumer expenditure survey conducted separately. The incidence of poor and vulnerable using the detailed survey works out to 75.3, as against 76.7 using the abridged schedule.

Table 3: Percentage Distribution of Informal Workers by Socio-Religious Groups Within Different Poverty Status (2004-05) (in million)

Poverty Status	Socio religious Category				
	SC/ST	Muslim	OBC	Others	Total
Share of workers in each social group					
Extremely Poor & Poor, Marginal and Vulnerable	88.5	84.7	80.1	58.8	78.7
Middle & High income	11.5	15.3	19.9	41.2	21.3
Total	100.0	100.0	100.0	100.0	100.0
Share of social groups in total workers					
Extremely Poor & Poor, Marginal and Vulnerable	34.3	11.3	38.7	15.6	100.0
Middle & High income	16.5	7.6	35.6	40.4	100.0
Total	30.5	10.5	38.1	20.9	100.0

Table 4: Average Daily Earnings of Casual Workers (Rs.per day), 2004-05

	Informal Sector	
	Male	Female
Other	54.7 (100)	30.9 (100)
OBC	53.7 (98)	31.9 (103)
Muslim	53.5 (98)	36.7 (119)
SC/ST	48.8 (89)	32.7 (106)

Source: Computed from NSS 61st Round.

(Table 2 and Table 3 and 4 are reproduced from K.P. Kannan, 'Dualism, Informality, and Social Inequality: An Informal Economy Perspective of the Challenge of Inclusive Development in India' in *The Indian Journal of Labour Economics*, Vol 52, Number 1, January March, 2009)

Table 5: Representation of SCs/STs in Services of All Central Ministries/Departments as on 01.01.1999

Group	Total	SC	%	ST	%
A	93520	10558	11.29	3172	3.39
B	104963	13306	12.68	3512	3.35
C	239642694	378115	15.78	145482	6.07
D (Excluding sweepers)	949353	189761	19.99	66487	7.00
Sweepers	96435	63233	65.57	5314	5.51
Total excluding sweepers	3544262	591740	16.7	218653	6.17
Total including sweepers	3640697	654973	17.99	223967	6.15

Source: National Commission for Scheduled Castes and Scheduled Tribes, Sixth Report, 1999-2000 & 2000-2001, p. 182]

Table 6: Representation of SCs/STs in Services of All Central PSEs as on 01.01.2000

Group	Total Employees	SCs	%	STs	%
A	204127	21125	10.35	6057	2.97
B	175159	19355	11.05	7317	4.18
C	1013917	191931	18.93	85744	8.46
D (Excluding *safai karmacharis* (conservancy staff))	407425	91729	22.51	46463	11.40

Total	1800628	324140	18.00	145581	8.09
Safai Karmacharis	27903	20412	73.15	878	3.15
Grand Total	1828531	344552	18.84	146459	8.01

Source: National Commission for Scheduled Castes and Scheduled Tribes, Sixth Report, 1999-2000 & 2000-2001, p. 183]

Table 7: Representation of SCs/STs in Public Sector Banks and Financial Institutions

		As on 01.01.98	As on 01.01.99	As on 01.01.2000
Officers	Total	252072	254511	254692
	SC	29956	30857	31871
	%	11.80	12.12	12.51
	ST	10098	10412	10749
	%	4.00	4.09	4.22
Clerk	Total	465780	460909	456802
	SC	69902	70160	67975
	%	15.00	15.22	14.88
	ST	22416	22321	21755
	%	4.81	4.84	4.76
Sub-Staff excluding sweepers	Total	183061	179606	178428
	SC	42567	42766	43653
	%	23.25	23.81	24.46
	ST	11275	11138	11154
	%	6.15	6.20	6.25
Sweepers	Total	43509	43508	39406
	SC	22864	22707	20086
	%	52.55	52.18	50.97
	ST	2449	2386	2422
	%	5.62	5.48	6.14

Source: National Commission for Scheduled Castes and Scheduled Tribes, Sixth Report, 1999-2000 & 2000-2001, p. 185