

Has Anything Changed?

Deprivation, Disparity, and Discrimination in Rural India

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DESPITE GLOWING ACCOUNTS OF HOW well the Indian economy has performed in recent years, India's traditionally disadvantaged groups remain mired in acute poverty. The caste system in India is divided into *Brahmins* (priests), *Kshatriyas* (warriors), *Vaisyas* (traders), *Sudras* (menial workers), and *Ati Sudras* (the former untouchables who did most menial jobs). The lowest classes in India comprise the former untouchables—now called scheduled castes—and the tribal communities outside the Hindu caste society—referred to as scheduled tribes. The criteria for the scheduled tribes include tribal origin, primitive ways of life, and habitation in remote and inaccessible areas. Quota legislation in India entitles the scheduled castes and the scheduled tribes to places in educational institutions, government employment, and legislatures. While these quotas were hailed as a major breakthrough in affirmative action, whether they have actually improved socio-economic conditions of the disadvantaged groups continues to be widely debated.

This article throws new light on the sources of persistent poverty and inequality in rural India, drawing upon the 61st round of the National Sample Survey (NSS) covering the period 2004 to 2005. While the focus is on the scheduled castes and scheduled tribes, we explore some new dimensions linking caste and ethnic identity and performance, and their implications for policy design. Specifically, we argue that in addition to lack of endowments (e.g., land, education), the scheduled castes and scheduled tribes get lower returns to such endowments compared to non-scheduled households. Often,

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lower returns are interpreted as a measure of discrimination against these disadvantaged groups. Despite some reduction in the household expenditure disparity between 1983 and 1999, these differences persist. While some elements of current discrimination ought not to be overlooked, we argue that part of the differences in returns is also attributable to how caste and ethnic identity undermines motivation. This is particularly important in designing affirmative action that remains confined to ensuring places in educational institutions, government employment, and legislatures.

PREVIOUS STUDIES

There has been a spate of studies in recent years designed to assess the sources of inequality and poverty among different ethnic and caste groups. Some of these studies decompose differences in living standards and poverty into characteristic and structural components. The characteristic component reflects differences in standard of living due to differences in household endowments and other characteristics (such as location, education level, and land ownership) between pairs of social groups. The structural component focuses on differences in the returns to endowments and characteristics (e.g., income gains from education). In this context, the studies by Ira Gang and others and by Yoko Kijima are of particular interest.

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In Gang's findings, scheduled caste and scheduled tribe households accounted for 16.5 percent and 8.1 percent, respectively, of India's population, but accounted for 43.3 percent of the rural poor in 1993 and 1994. The proportions of poor scheduled caste and scheduled tribe households were 49.2 and 50.3 percent, respectively, as compared with a proportion of 33.1 percent among rural non-scheduled households. A large fraction of the difference in poverty incidence between scheduled caste and non-scheduled households (62.5 percent) is due to differences in characteristics such as education and occupation, while 37.5 percent is due to differences in returns to these characteristics.

Between the scheduled tribe and non-scheduled households, 39 percent of the poverty gap is due to the characteristic effect. Differences in educational attainment, for example, account for 23.5 percent of the poverty incidence gap. The occupational distribution explains 18 percent of the higher poverty among scheduled tribe households. By contrast, 61 percent of the gap between the scheduled tribes and non-scheduled households is due to structural differences, though the difference in returns to education is negligible.

Kijima presents various findings that reinforce the basic motivation for the present study as well as add some new dimensions to anti-poverty strategy. He found that characteristic differences are responsible for two-thirds of the disparities between

scheduled tribe and non-scheduled households but are responsible for 50 percent or less of the disparities between scheduled caste and non-scheduled households. The results show that the characteristic disparities between the scheduled tribe and the non-scheduled households are mainly due to education and location differences. In the case of the scheduled castes, however, differences in land ownership contribute 25 percent of the characteristic difference. Additionally, the structural difference between the scheduled tribe and the non-scheduled households are due mainly to differences in the returns to location. By contrast, in the case of the scheduled castes, the differences in the returns to education contribute a large part of the structural differences, and this was especially true in the 1990s.

The statistics above indicate that structural differences are large for scheduled caste and scheduled tribe households, and Kijima explains why. The scheduled tribes, who typically live in mountainous and remote areas, have poor public goods such as schools, tap water, paved roads, electricity, and health facilities. However, even when the effect of location is controlled for, structural differences still account for about one-third of the disparities. Further, while returns to land vary with district-level indicators of development, the returns to education do not.

Occupational segregation accounts for 54 percent of the total structural difference between the scheduled caste and non-scheduled households in 1983. This declined to 37 percent in 1999. However, the difference in the characteristics and the difference in the returns within occupations increased in the 1980s and 1990s. But it is unclear how much of the structural difference is due to current discrimination against the scheduled castes. Historical patterns of employment may influence the scheduled castes' choice of occupations through low expectations and aspirations that force them to accept lower status jobs. If job searches among low-caste men largely depend on caste-based contacts and networks, occupational distributions are likely to persist over time.

In sum, the evidence reviewed confirms that greater deprivation among the scheduled tribes and scheduled castes is due to both lower endowments and lower returns to them. However, their relative importance varies, depending on what the welfare indicator is. If, for example, the focus is on poverty gap, among the scheduled tribes, lower returns have a larger role than lower endowments in explaining their relative deprivation, while among the scheduled castes, the latter matter more.

ANALYSIS WITH THE 61ST ROUND OF THE NSS

Endowments

For our analysis, let us first construct a profile of three social groups—scheduled castes, scheduled tribes, and non-scheduled households—in terms of their endowments and

occupational distribution.

Among the scheduled tribes, about one-third were landless while the majority (about 59 percent) operated some land (.25 to 6.2 acres). A small fraction (a little over 7 percent) operated more than 6.2 acres. This distribution contrasts with that of the scheduled castes, as the majority (about 62 percent) were landless, and a little over one-third operated small areas. Barely 2 percent operated more than 6.2 acres. Since community ownership is more pervasive in the tribal regions, the incidence of landlessness is much lower among the scheduled tribes than among the scheduled castes. The distribution of non-scheduled households was similar to that of the scheduled tribes.

All groups had limited access to irrigation, with large majorities enjoying little or no access (about 81 percent of the scheduled tribes, about 77 percent of the scheduled caste, and about 63 percent of the non-scheduled households). While one-third of the non-scheduled households had small irrigated areas, much smaller proportions of the scheduled tribes and scheduled castes did.

About 69 percent of individuals from scheduled tribes belonged to households without an adult with primary education; oftentimes these adults are illiterate or barely literate. Among the scheduled castes, about 12 percent belonged to households that included an adult with primary education, compared with 11 percent for the scheduled tribes. Thus, between the scheduled tribes and the scheduled castes, the latter were slightly better endowed in terms of human capital. The disparity between these two groups and the non-scheduled households was marked. The proportion of individuals who belonged to the latter without an adult with primary education was about 51 percent, while that of individuals in households with an adult with more than a middle level education was twice as high as among the scheduled castes.

Now, let us consider the distributions of the scheduled tribe, scheduled caste, and non-scheduled households by occupation. A vast majority of the self-employed in agriculture (about 76 percent) were non-scheduled households, and relatively small but nearly equal proportions belonged to the scheduled caste and scheduled tribe households (about 12 percent). About 76 percent of the self-employed in non-agriculture were non-scheduled households, about 19 percent were from scheduled caste households, and about 5 percent were from scheduled tribe households. The shares of scheduled caste and scheduled tribe households were higher among agricultural and non-agricultural labor. Given the much larger number of non-scheduled households, it is not surprising that they comprised the majority in both occupations.

Let us now turn to the occupational distribution within each social group. The highest proportion of households belonging to the scheduled tribes were self-employed in agriculture (over 38 percent), followed by agricultural labour (about 35 percent). Self-employed in non-agriculture and other labour accounted for relatively

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small shares. Households from the scheduled castes, by contrast, had the highest share in agricultural labour (over 42 percent), followed by self-employment in agriculture (about 19 percent), and then self-employment in non-agriculture (about 14 percent). Non-scheduled households were highly concentrated in agricultural self-employment (over 40 percent), followed by agricultural labor (over 20 percent), and finally non-agricultural self-employment (about 18 percent).

Incidence and Intensity of Poverty

The overall incidence of poverty in rural India in 2004 to 2005 was high: about a quarter of the households were poor. There was, however, substantial variation across the social groups. Among the scheduled tribes, about 44 percent of the households were poor, compared to 32 percent of scheduled caste households and about 19 percent of non-scheduled households. Not only was the incidence of poverty highest among the scheduled tribes, but so too was the intensity of poverty. The scheduled castes had a lower intensity of poverty than non-scheduled households but the gap was non-negligible. Thus, the improvement, if any, was slight.

Not only was the incidence of poverty highest among the scheduled tribes, but so too was the intensity of poverty.

Decomposition of Poverty

The contrast between the scheduled tribes and scheduled castes in terms of characteristic and structural components is striking. Between the scheduled tribe and non-scheduled households, the highest contributor to the characteristic component is location, followed by education, and then occupation. A very large share of the structural component is attributable to location, with returns to occupation, demographic characteristics, and education accounting for relatively small shares. Between the scheduled caste and non-scheduled households, on the other hand, occupation accounted for the largest share of the characteristic component, followed by education and then land. There are, however, sharp changes in the disaggregated structural components. The largest component is location, followed by occupation and education. So, although members of scheduled castes are more dispersed than the scheduled tribes, they are also subject to lower returns.

The poverty among the scheduled castes and scheduled tribes is higher both because of differences in characteristics and returns on them. However, it is a matter of policy concern that much of the deprivation of the scheduled tribes is linked to lower returns, especially given their location in remote, inaccessible areas with weak infrastructure support.

Decomposition of Inequality

Between scheduled tribe and non-scheduled households, the differences in characteristics account for a little over 50 percent of the disparity in household expenditure, implying a nearly equal contribution of structural differences. Between scheduled caste and non-scheduled households, however, the relative contributions differ considerably with the characteristic component accounting for 60 percent of the disparity in expenditures.

Disaggregating the characteristic component between scheduled tribe and non-scheduled households reveals that the largest contributor is location, followed by education, and then occupation. The structural component, on the other hand, is largely made up of differences in returns to location, followed by differences in returns to demographic characteristics and land owned.

Between scheduled caste and non-scheduled households, occupation was the largest contributor to the characteristic component, followed by education and then land. The structural component, on the other hand, is attributable largely to differences in returns to location and educational attainment, offset partly by the higher occupational returns.

As in the case of poverty decomposition, the relative contributions of characteristics and structural components of disparity in living standards vary between scheduled tribe and non-scheduled households, and between the scheduled caste and non-scheduled households. In general, within each component, location, occupation, and education mattered a great deal, while their relative importance varied with the social group. But, broadly, our assessment of the sources of disparity suggests that changes over the last two decades have been far from remarkable.

DISCRIMINATION, IDENTITY, AND DEPRIVATION

Although conclusive evidence on discrimination is not found, it cannot be ruled out in view of large differences in characteristics and returns to them between the two disadvantaged groups. A brief review of alternative conceptualizations of discrimination and some recent experimental evidence offers insights into the forms it takes and problems in measuring it.

Let us first make a distinction between historical and current forms of discrimination. Referring to our decomposition of poverty incidence gaps, the differences in endowments could be a result of historical discrimination. For example, social exclusion of the scheduled castes and scheduled tribes restricted their access to education over a long period and in turn restricted their children's access to it. The differences in returns to various endowments, on the other hand, may reflect discretionary valuation

of performance and thus elements of current discrimination. While this is a useful classification, it is somewhat problematic insofar as current performance may also be shaped by personal identity and motivation in complex ways. In particular, social exclusion and discriminatory reward systems may undermine self-confidence and motivation to excel, and consequently performance.

In an important measure of discrimination, referred to as statistical discrimination, employers use the average quality of a given race, caste, or ethnic group to predict the quality of individuals of that group. A difficulty, however, is that in such a model there is no incentive for self-improvement, since all members of the group in question are judged the same and therefore paid the same wage irrespective of individual merit. Thus, prejudice produces lower wages.

In another insightful model, as long as caste customs are obeyed, no single individual, by behaving differently, can make oneself better off. One would expect that there would be rewards to breaking social customs that fail to promote economic efficiency. However, without ruling out deviant behavior, George Akerlof concludes that the returns are usually greater to those who do not break social customs. As he states, “In a segregationist society, such persons discriminate; in a caste society, they follow the caste code.” As a result, social customs endure and the caste equilibrium is maintained.

The differences in returns to various endowments may reflect current discrimination.

In a more recent and richer formulation, George Akerlof and Rachael Kranton focus on identity-related behavior and how it influences economic outcomes. In a poor and socially excluded community, some will identify with the dominant culture, while others reject it and the subordinate position assigned to those of “their race, class, or ethnicity.” The former engage in remunerative activities (in line with the dominant culture), and the latter “engage in self-destructive behaviour” manifesting in “taking drugs, joining a gang,” etc. In general, the greater the social exclusion, the greater the possibility of equilibria in which individuals forego remunerative activities.

BELIEFS, IDENTITY, AND OPPORTUNITY

Recent work has drawn attention to the role of culture in perpetuating inequality and deprivation. Specifically, even after coercive structures underlying subordination of one group by another are dismantled, the cultural beliefs remain intact and inequality persists. There are several links between belief systems and persistent inequality. One is statistical discrimination: under some conditions, employers’ prior beliefs about group differences (where none exist) are self-fulfilling. Another is the threat of stereotyping or social identity susceptibility. Specifically, when a particular social identity is made

salient, performance is altered in the direction predicted by that stereotype. As individuals from such groups believe that their efforts will be judged in a biased way, their motivation to perform well is weak.

Two recent studies highlight that historical roots of deprivation shape expectations that contribute to the persistence of group inequality. The legacy of past prejudices and deprivation perpetuate subordination of some groups. A low caste individual is more likely to submit to the authority of the high caste if he or she believes that others will do so too. A high caste person is more likely to exercise that authority if he or she believes that the low-caste will submit. Thus, a shared system of beliefs stabilizes and coordinates expectations, and contributes to the reproduction of inequality over time.

QUOTAS FOR WOMEN, SCHEDULED CASTES, AND SCHEDULED TRIBES IN STATE LEGISLATURES

The Indian constitution mandates political reservation in favor of the scheduled castes and the scheduled tribes in every state. In addition, it directs state governments to use public policy to improve the well-being of these two groups. The reservation for a group reflects the group's population in the state. However, revision of these quotas is carried out only after a new census estimate becomes available. Thus, while a group's population share varies continuously, the reservation changes with a lag. This institutional feature allows Rohini Pande to disentangle the effects of changes in the political representation for a group from those due to changes in its population share.

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Views on the efficacy of political representation through quotas differ. One skeptical view is that, since scheduled caste and scheduled tribe legislators have to lobby with both upper-caste constituents in reserved jurisdictions and with the primarily upper-caste membership of party committees, they have little autonomy in pursuing their policy preferences or agenda. A contrary and more optimistic view is that minority legislators act en bloc, and, as a consequence, succeed in pursuing their own agenda. Pande's analysis supports quotas as a redistribution tool and is in line with the latter view. She studied 16 major states over the period 1960 to 1992, with 13 percent scheduled caste reservation and seven percent scheduled tribe reservation. She found that increases in scheduled tribe reservation raised state public expenditure, but had a significant negative effect on educational expenditure. The second result is intriguing given the low levels of literacy among the scheduled tribes.

POLITICAL REGIME, SOCIAL MOBILIZATION, AND GROUP IDENTITY

Not only do the provisions in the Indian Constitution vary for the schedule castes and scheduled tribes, but Viginius Xaxa argues that there are specific reasons why their

group identities are different. The scheduled castes have had greater exposure to the larger society as compared to the scheduled tribes. The opportunities open to the larger society or the upper castes in the form of knowledge, information and technology, and employment were denied to the scheduled castes. By contrast, such opportunities did not exist for the scheduled tribes because of their isolation from the mainstream.

Although scheduled tribe exposure to mainstream society has grown over the years, an explanation for the relative disparity between the scheduled castes and scheduled tribes must go beyond exposure. Xaxa argues that it lies in the social structure of the scheduled tribes. Scheduled tribe societies are typically small and marked by homogeneity. A lack of heterogeneity in terms of social division of labour, occupation, skill, class, and access to power means that there is no reference group to emulate, which therefore means scheduled tribe societies remain stagnant. Further, there is nothing like tribal identity at the pan-India level. If there is an identity of any kind, it is confined to a locality or a region. Moreover, such an identity is more evident in the political interest level than in the socio-cultural plane. But, more importantly, even when a pan-Indian tribal identity exists among the scheduled tribes, it is less assertive than it is among the scheduled castes. The scheduled castes have had reference points within the system (i.e., the upper castes) that they have been able to emulate. Finally, collectivity, and not individuality, remains the hallmark of tribal societies. Hence the principle of individual success is not valued. It is therefore not surprising that the constitutional provisions created opportunities that benefited the scheduled castes more than the scheduled tribes.

CONCLUDING OBSERVATIONS AND POLICY IMPLICATIONS

Our analysis of the 61st round of the NSS confirms a higher incidence and a higher intensity of poverty among the scheduled castes and scheduled tribes relative to the rest of India. A decomposition of poverty gap between these two groups and non-scheduled households corroborates earlier findings. Two components—the characteristics and

Our assessment of sources of poverty and inequality confirm that changes over two decades have been far from remarkable.

structural—are quantified. The first component focuses on differences in household characteristics, including demographics, ownership of land, educational attainments, location, and occupations; the second component focuses on differences in returns to these characteristics. A large part of the poverty gap between the scheduled tribes and non-scheduled households is due to differences in returns and structural differences, while between the scheduled castes and non-scheduled households, the gap is due largely to differences in characteristics. Broadly, our assessment of sources of poverty and


inequality confirm that changes over two decades have been far from remarkable.

Whether these structural differences are a reflection of discrimination is far from self-evident. There are several issues. One is the meaning of discrimination itself. Generally, it is taken to mean that equal persons are treated unequally. A second issue is whether discrimination should be narrowly defined as differences in returns to assets, or be broadened to include historical factors associated with differential access to endowments. There is abundant evidence corroborating that the scheduled castes and scheduled tribes, compared to upper caste Hindus, are more likely to be ill, less likely to be educated, more likely to cultivate land, and more likely to live in a climate of fear and oppression. If anything, the interpretational problems are compounded in the broader interpretation, but that alone cannot be a reason for preferring a limited and potentially misleading interpretation.

Even with regard to measurement of current discrimination, there are at least two approaches. One is the statistical approach in which the average performance of a group determines remuneration. So, average wage disparity may be justified in terms of economic incentives. An alternative approach focuses on the taste for discrimination where wage disparity occurs despite economic incentives. Empirically, however, it is difficult to disentangle these effects (for example, wage rates for women under the Employment Guarantee Scheme, which gives temporary jobs to rural Indians, are generally lower). The policy design therefore cannot be limited to enhancing the endowments of the scheduled castes, scheduled tribes, and other disadvantaged groups but must also address the issue of lower returns. While some of the disparity may have elements of discrimination, subject to the measurement problems, it is arguable that lower quality of education; location in remote, inaccessible areas with limited infrastructure; and limited market access cause poverty and inequity to persist.

While quotas at different levels (e.g., states) are associated with favorable effects on disadvantaged groups, acute poverty and disparities in living standards persist. An issue that our analysis highlights is that identity could have a potentially important role in perpetuating deprivation. Salience of caste and tribal affiliations, together with mistrust of the reward system (or belief system), must be dealt with when designing affirmative action.

What is important from a policy perspective is that social categories and behavioral prescriptions can be influenced through, for example, expansion of education and employment opportunities. More specifically, as Akerlof and Kranton emphasize, providing employment and training facilities outside a poor neighborhood would avoid the negative interactions with the non-conformists (or those with “oppositional” identities). In the context of expansion of schooling, it is imperative that those from socially excluded groups are protected against a sense of alienation or loss of identity in pursuing an activ-

ity that conforms to the dominant culture. Moreover, the rhetoric and symbolism of the affirmative action debate matters, as it influences the level of social exclusion. One view is that portraying the scheduled castes and scheduled tribes as victims in affirmative action programs may prove costly to these groups and exacerbate their oppositional identities or non-conformist behavior. But if the same action or program is projected as an “apology for previous discrimination and an invitation for . . . admission to the dominant culture,” it could reduce the level of social exclusion. In micro-finance, for example, mixed self-help groups may allow greater interaction between social groups than segregated groups. One of the reasons cited for the Employment Guarantee Scheme’s spectacular role in mobilization of the rural poor was that working together helped to overcome caste, religious, and ethnic barriers. The strengthening of rural infrastructure and increasing market access would facilitate mobility, intermixing of different groups, and expand opportunities for more productive employment. 

Identity could have a potentially important role in perpetuating deprivation.

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NOTES

1. The 1950 Constitution established state-specific lists that identified the castes and tribes that fall in the categories of Scheduled Castes (SCs) and Scheduled Tribes (STs), respectively.
2. National Sample Surveys (NSS) covering consumption expenditure are carried out every five years. Each contains a sample of over 120,000 households. The sample is drawn using a stratified random sampling procedure. The questionnaire comprises household and individual socio-economic characteristics such as employment status and consumption expenditure, as well as landholdings and educational attainment. The social group of each household is denoted as “scheduled caste,” “scheduled tribe,” or “other.” The latter is a large heterogeneous group and contains castes close to Scheduled Castes in terms of social and economic backwardness. Hence the disparities between the scheduled castes and the non-scheduled group understate the gap between the top and the bottom tiers of the caste hierarchy.
3. Some recent contributions ignore the link between ethnic/caste affiliation and performance in different spheres. See, for example, Yoko Kijima, “Caste and Tribe Inequality: Evidence from India, 1983-1999,” *Economic Development and Cultural Change* 54 (2006); Ira Gang, Kunal Sen, and M-Su Yun, “Poverty in Rural India: Ethnicity and Caste,” *Review of Income and Wealth* 54, (2008); Vani Borooah, “Caste, Inequality and Poverty in India,” *Review of Development Economics* 9, no. 3 (2005); Vani Borooah, Kunal Sen, and Sriya Iyer, “The Effectiveness of Job Reservations: Caste, Religion and Economic Status in India,” *Development and Change* 38 (2007).

4. Consumption expenditure, as opposed to income, is generally regarded as the better welfare indicator.

5. Including Gang, et al., "Poverty in Rural India," and Kijima, "Caste and Tribe Inequality."

6. The indicator used is expenditure per capita.

7. For details of the decomposition, see Kijima, "Caste and Tribe Inequality."

8. See George Akerlof and Rachael Kranton, "Economics and Identity," *Quarterly Journal of Economics* 115, no. 3 (2000); Karla Hoff and Priyanka Pande, "Opportunity is not Everything: How Belief Systems and Mistrust Shape Responses to Economic Incentives," *Economics of Transition* 13, no. 3 (2005); Karla Hoff, Priyanka Pande, and Monica Dasgupta, "Institutional Inertia in Local Government: Evidence from an Indian Village with Mandated Political Reservations," (Washington DC: World Bank, 2005).

9. For an analysis of persistent disadvantages that scheduled caste or scheduled tribe households face in Uttar Pradesh, see Valerie Kozel and Barbara Parker, "A Profile and Diagnostic of Poverty in Uttar Pradesh," *Economic and Political Weekly*, 25 January 2003. They report that, while about half the difference in welfare between the two groups (i.e., the scheduled castes/scheduled tribes and the majority) could be attributed to differences in asset holdings, a roughly equal share was due to differences in returns to asset stocks. Since various studies have drawn attention to not only differences in household attributes between SC and ST households but also in structural effects, the lumping together of scheduled castes and tribes limits the usefulness of this finding. The results, however, are not dissimilar with the David Neumark, "Employers' Discriminatory Behaviour and the Estimation of Wage Discrimination," *Journal of Human Resources* 23, no. 3 (1988) decomposition in which the reference group is a composite of the three groups in question. For details, see Kijima, "Caste and Tribe Inequality."

10. For an exposition of poverty indices, see Raghav Gaiha, "Design of Poverty Alleviation Strategy in Rural Areas," *FAO Economic and Social Development Paper* 115, (Rome: FAO, 1993).

11. Recall that these results are similar to those reported by Gang, et al., "Poverty in Rural India."

12. These results are similar to those reported in Kijima, "Caste and Tribe Inequality."

13. For an exposition, see Kenneth Arrow, "Models of Job Discrimination," and "Some Mathematical Models of Race Discrimination in the Labour Market," in *Racial Discrimination in Economic Life*, ed. Anthony H. Pascal (Lexington MA: D. C. Heath, 1972).

14. For details, see George Akerlof, "The Economics of Caste and of the Rat Race and Other Woeful Tales," *Quarterly Journal of Economics* 90 (1976).

15. *Ibid.*, 617

16. For details, see Akerlof and Kranton, "Economics and Identity."

17. *Ibid.*, 85

18. *Ibid.*

19. Hoff and Pandey, "Opportunity is Not Everything" and Hoff, et al., "Institutional Inertia in Local Government," offer persuasive experimental evidence from Uttar Pradesh (UP) to illustrate the self-fulfilling nature of the belief system of socially inferior groups/castes.

20. For a broader view of identity, see Amartya Sen *Identity and Violence: The Illusion of Destiny* (London: Allen Lane, 2006).

21. For details, see Rohini Pande, "Can Mandated Political Representation Increase Policy Influence for Disadvantaged Minorities? Theory and Evidence from India," *American Economic Review* 93, no. 4 (2003).

22. An issue is whether in the absence of reservation disadvantaged groups would be underrepresented. Esther Duflo, "Why Political Reservations?" *Journal of the European Economic Association* 3, no. 2–3 (2005): 668–678 is emphatic that this is likely to be the case on the basis of the following evidence. First, very few women, scheduled castes, or scheduled tribes are elected without reservations. In the Gram Panchayats (village councils) in the two districts in West Bengal and Rajasthan that were not reserved for women, 6.5 percent and 1.7 percent of Pradhans (Chairpersons) were women, respectively. In West Bengal, 7.5 percent of the Gram Panchayats not reserved for scheduled castes had a scheduled caste Pradhan. But it is debatable whether greater representation of disadvantaged groups necessarily translates into welfare improvement. See, for example, Raghav Gaiha and Vani S. Kulkarni, "Common Interest Groups, Village Institutions and the Rural Poor: A Review of the District Poverty Initiatives Project," *Contemporary South*

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Asia 15, no.1 (2006).

23. In fact, there are more provisions for scheduled tribes than for scheduled castes. The Articles 15 (4), 16 (4), 19 (5), 23, 46, 330, 332, 334, 335, 338 of the Indian Constitution are common to both. Articles 29, 164, 244, 244 (A), 275 (1), 339 (1), 339 (2) pertain only to the Scheduled Tribe. Besides, there are Articles 371 (A), 371 (B) and 371 (C), which are in force only in the northeastern region . See Viginus Xaxa, "Protective Discrimination: Why Scheduled Tribes Lag Behind Scheduled Castes," *Economic and Political Weekly*, 21 July 2001.

24. They are small in relation to the dominant community but they vary in size. The size varies from 7 million in the case of the Gonds and Bhils to less than one thousand in some cases. See Xaxa, "Protective Discrimination."

25. See, for example, Gary Becker, *The Economics of Discrimination* (Chicago: University of Chicago Press, 1971), for an exposition of taste for discrimination. For a variation in which discrimination is implicit, see Marianne Bertrand, Dolly Chugh, and Sendhil Mullainathan, "Implicit Discrimination," *American Economic Review* 95, no. 2 (2005).

26. On the question of double burden of women from disadvantaged groups, see Ashiwini Deshpande, "Overlapping Identities under Liberalisation: Gender and Caste in India," *Economic Development and Cultural Change* 55, no. 4 (2007).

27. Akerlof and Kranton, "Economics and Identity," 90.