



Modern Capitalism and the Hegemony of Caste: India's Challenges for Promoting Decent Work

Bir Singh

Associate Professor, Department of Economics,
Delhi College of Arts & Commerce, New Delhi-110023
Email: birsing@gmail.com

Abstract

As the caste hierarchy envelops India's labour market, any substantial progress of the decent work agenda can't be imagined without discussing caste contradiction. If capitalism benefitted the working classes of the developed west more than it has done to India, it was attributed to its frontal attack on feudalism in the western Europe.

In India's context, while capitalism has established itself strongly, the feudalism has also become powerful since the economic reforms of early 1990s. The wealth concentration has got accentuated and simultaneously the incidents of caste based discrimination have also multiplied rapidly. Does it mean the forces of Indian capitalism have resisted any progress on promoting decent work by suppressing lower social groups? The narratives of decent work will remain phantom talks only unless the political economy of Indian capitalism is geared towards participation of lower social groups in industrial development.

The low growth of decent jobs-informal jobs and contractual work-reflects upon the lack of willingness among policy makers to transform the production relations and distribution of capital and wealth more equitably. Otherwise, what on earth has stopped them to promote entrepreneurship among the lower social groups? We argue that policy outcomes for decent work in industrial sector won't materialise unless political economy of development is attuned to dismantle the forces of Indian feudalism.

Keywords: Capitalism, Caste Hegemony, Decent Work, Informal Jobs, Labour Market

Acknowledgements: I am grateful to Prof. Santosh Mehrotra and Prof. Himanshu for their valuable comments and advice.



1. Introduction

The notion of decent work in India's respect can't be understood without pitting it against caste hierarchy that is deeply entrenched and much older than the regime of capitalism. It determines inclusion and exclusion of people from all processes and institutions of country: social, economic, and political (Thorat and Newman, 2007). The quality of employment and outcomes of policy interventions in India are determined no less by caste hierarchy than Smith's Invisible hand (Polgreen, 2010). If capitalism benefitted the working classes of the developed west more than it has done to India, it was attributed to its frontal attack on feudalism in the western Europe.

Contrariwise, in India's context, the forces of capitalism have consolidated the tentacles of Indian feudalism that is embedded in the caste hierarchy. Ever since India embraced the economic philosophy of state capitalism through constitutional rights, the society made a huge progress in material gains and access to opportunities in various fields. However, it could not bring about larger equity in distribution of physical resources and defeat the forces of caste driven discrimination. On the contrary, concentration of wealth in the hands of social elite over past many decades exposes the pro-rich political economy of India's development process.

The wealth concentration has accentuated further in the post reforms period and simultaneously the incidents of caste based discrimination have also multiplied rapidly (Sen, 1997; Tonkiss, 2006). Does it mean the forces of Indian capitalism have resisted any progress on promoting decent work by suppressing lower social groups? The narratives of decent work will remain phantom talks only unless the political economy of Indian capitalism is geared towards participation of lower social groups in industrial development and all kinds of caste based discrimination are uprooted by setting up appropriate economic institutions.

The development of India's welfare state since independence was moving this direction although got disrupted as the country embraced the model of market economy from the early 1990s. Economic reforms, the set of policies promoting modern capitalism in India have empowered the capitalists' class and made them politically strong. The private sector has grown diabolic after 2014 as crony capitalism started gobbling up even the state (Patnaik, 2014). Many influential capitalists have virtually looted public institutions and fled the country. The exponential rise of the Adani's Empire in past few years is a testimony to this argument.

On the contrary, the working classes has suffered due to deteriorated work conditions and declining regular employment. Informal jobs and contractual work



have risen because of the erosion of the welfare state and absence of long term policy on employment growth. This may be related to the lack of willingness among policy makers to transform the production relations and distribution of capital and wealth more equitably. Otherwise, what on earth has stopped them to promote entrepreneurship among the lower social groups?

Since the largest chunk of the Indian labour force is constituted by these only, such neglect of policy makers may have stemmed from the mindset of caste hierarchy. This interpretation seems plausible given that the industrial policies over the years have not integrated human resources with the transition of industrial development. Why did the policy makers only worked upon the efficiency aspect at the cost of equity resource distribution in the post reforms period?

In the post reforms India, the governments have facilitated the owners of capital and physical wealth (Kaplinsky, 2005). Was there similar policy support rendered to the working class, the subaltern class of Indian society? No, it was not. On the contrary, whatever protection and provision were available were withdrawn on the pretexts of fiscal austerity. We argue that policy outcomes for decent work in the industrial sector won't materialise unless the political economy of capitalism is attuned to dismantle the forces of Indian feudalism.

The rest of the paper is structured into five sections. Section 2, discusses the centrality of caste hierarchy in the Indian labour market. Section 3, describes the transition journey of Indian capitalism and political economy of decent work in India. Section 4, dwells on the lessons that India must learn for promoting decent work. Last section makes concluding remarks and suggest the way forward.

2. India's Labour Market and Hegemony of Caste Hierarchy

India's labour market has not grown as per the growth of modern industrialisation that got underway with the inception of economic planning. Had this been so, the share of skilled workforce would have increased as happened the rest of the world (Mehrotra, 2014). In reality, the organic structure of India's labour market was shaped by hegemony of caste hierarchy since middle ages. Thorat and Joshi (2015) argued that the Hindu scriptures barred the lower social groups-the Outcastes-from acquiring education, land and engaging in any business. All physical work is invariably by default allotted to the lower social groups. Even worse people engaged in these occupations were considered impure. The worst of them is human scavenging which deserves little respect and appreciation from the beneficiaries. On the contrary, such work by certain castes is seen as karmic retribution as per



religious texts. Against this backdrop, engaging in the narratives of decent work in Indian context is itself a monumental task.

The ferocity of caste based discrimination is documented in the writings of none other than Dr B R Ambedkar at length and in varieties. In addition, there is a plethora of literature on various dimensions of such discrimination (Moon, 2014). In contemporary India, episodes of caste based hatred and contempt have assumed brutal forms. To recall a few of them: mental torture of Rohit Vemula, suicide by a medical doctor Payal Tadvi, brutal beating of a boy student in a school in Rajasthan over touching water pitcher in recent times vouch for caste hierarchy trauma in public spaces. The casteist slurs on delivery boys of Swiggy and Zomato are enough to calibrate the current of caste based hatred and discrimination even in the regime of capitalism in India.

In the post-fordist era, employment growth is fuelled by digital labour platforms that operate through gig workers. Even as the gig economy has thrived worldwide, it has expanded through policy push for digital marketing. However, such employment is notorious for harsh work conditions, low wages, severe pressure on delivery time, and, in Indian context, it is a new den of casteist folks. Such incidents of casteist slurs are just manifestations of deep social divisions that have trapped Indian society for ages. The victims of caste based hatred happen to come from low income and low social stratum. Even as economic reforms had the thrust to achieve high economic growth and development, the lack of policy for human resources development shows the non-seriousness of the advocates of the market economy model.

There are various challenges for skill formation in India (Sharma and Nagendra, 2016). The skill challenge in India is not just about resource mobilisation only rather a challenge to change the mindset of Indian society. The policy interventions have to transform the organic structure of India's labour market where all kinds of work and not just mental work are respected in public domain. Since social consciousness change take a very long time, Indian capitalism has not made any remarkable progress on this front.

Banerjee and Knight (1985) argues that Indian urban labour market is characterised by caste based discrimination. There were wage differentials in wages given to workers controlling them for caste status. The employers used traditional ways to practise discrimination against the workers belonging to the scheduled castes and tribes. Madheswaran and Attewell (2007) also reinforces that the practice of caste based discrimination is alive and explains about 15 percent wage gap between



workers hailing from higher castes and the scheduled castes/tribes in urban labour market. The discrimination SC/ST workers was quite frequent in both public and private sectors although it was graver and larger in the private sector.

The economic reforms period that coincided with the Mandal Commission political conditions have not improved the situation on this front. The fault of India still being a low income country even after seven decades of economic planning lies with the state. The import substitution industrialisation and closed economy model was replaced by market economy model in the early 1990s. The feverish appeal for the neo-liberalism in the developed countries of UK and USA in 1980s brought about this transformation in the economic thinking. Thanks to it, the public sector got slim, and the state turned lesser welfarist as public services like education and health were largely privatised. There was no major threat to the economic well being of the majority of educated youth and population.

This paradigm shift in economic philosophy couldn't cause tides in society as there were no remarkable disruptions in the socio-political environment of the country. Even if the privatisation failed to make the desired progress on socio-economic challenges, public trust did not wane in the institutions of democracy. However, corruption and inefficiency are not the traits of the public sector only, they have thrived in the private sector as well.

The transition in the form of Capitalism from the state capitalism until 1990 to the market fundamentalism thereafter has skipped two most fundamental areas: firstly fostering technical workforce and secondly ensuring dignity of work. It shows that the caste hierarchy has become even more ferocious under the post reforms phase of capitalism in India. Thus, we argue that the working class in India's labour market that invariably represent the lower social groups are subjected to the tyrannies of both capitalism and casteism.

3. Transition of Indian Capitalism and Political Economy of Decent Work

India's welfare state was dismantled through policies such as privatisation of public sector undertakings, removing pension schemes in the year 2004, promoting informal jobs, and massive contractualisation of manufacturing sector jobs etc. All this has resulted into a virtual disappearance of regular and permanent jobs in the industrial sector and thereby stopping the process of gradual empowerment of subaltern groups. Thus, decline in decent jobs can't be blamed on the forces of capitalism alone. Rather, the decline is organic and embedded in the morasses of the caste hierarchy that threatens dynamism in all other systems.



However, the national scenario changed profoundly in the past few years particularly after 2014. The country has made a quantum leap towards deconstruction of republic and fundamental dis-equilibrium in the economy. It has happened mainly due to irrational and illogical functioning of the state. India can't afford to desert the path of planned economic development (Mehrotra and Acharya, 2017). The preference of certain policy makers for religious dogma over scientific processes of modern industrialisation at this juncture will not contribute to the productive potential of the economy. The state is not taking more interest in silencing questions of the productive forces and working class only to derail the process of economic development.

The forceful suppression of peaceful protests, police brutalities on university students, attacks on liberal ideology, and communalisation of government agencies have collectively undermined public faith in the state. This resembles a very chaotic transition of the economy to neo-conservatism as happened in the USA and UK with few exceptions. The exception relates to the arrogance of the government defacing the political and economic history of the country to establish a certain ideology at the centre of national life.

Neo-conservatism justifies use of police force to tame protesting public (Harvey, 2016). This has become a reality in India too. The rising surveillance and attacks of individual liberty have created an atmosphere of fear in society. The limping walk of judiciary to justify actions of executive in recent past is just an illustration of neo-liberalism. The political shift was used for changing the politico-socio-economic fabric of the country and replacing history with mythology of a particular religion. Certainly, it began to mask its inability to handle economic challenges by boastful talks of astronomical scale. The economic achievements of the past seven decades (1950-2014) were dismissed as wastage of economic resources. However, it was not really so.

The huge network of institutions of democracy, a fairly large banking system, financial markets, educational institutions, public transport, hospitals, judiciary, expanse of social and economic infrastructure does not make us believe so. This list of success stories is not exhaustive though. In addition, peaceful social atmosphere and tenets of truth and justice in democratic institutions were not built up without economic planning of the Nehruvian economics. However, we may disagree on efficiency and equity aspects of public policy interventions. The biggest achievement of government relates to its love of non-violence and indiscriminate rule based on the constitutional provisions.



Even if the government succeeds in achieving its political ambitions, opportunity cost in terms of socio-economic disruptions will be astronomical. This will increase contradictions in society and economy. Good governance and civility will remain public virtues for a strong and resilient economy. The ongoing economic de-construction can be reversed by proactive steps of the government towards human development centric models of economic growth. Such a model was indeed the basis of successful economies of East Asia.

India is an outlier among all industrialised and industrialising countries compared to the East Asian region, China, South Korea, Taiwan, and Hongkong etc. These countries grew economically and industrially all because of policies of development. Instead of dismantling institutions of governance, weakening public education system, corporatisation of healthcare, and selling off public sector enterprises (profit making ones) across the board, all policy focus must be laid on enhancing productive capacity of the economy and human capital formation. However, strong government commitment to boost fundamental strength of the economy is not visible in recent past.

The neglect of human development and manufacturing sector growth speaks volume for it. On the contrary, government has set in a phase of dis-equilibrium through policy changes such as winding up of planning commission, demonetisation, and goods and services tax (GST), in the name of building a new India, which has disturbed growth momentum and processes of re-distributive justice. Not just that de-construction of nation and society brought on anvil by way of several threats to institutions of democracy. The weakening of the secular fabric of democracy-legislature, executive, and judiciary-doesn't augur well for smooth functioning of economic systems and growth.

The growing capital intensity and digital interfaces have enabled corporate growth and thereby India's labour market has become extremely flexible. The services sector that uses digital interfaces get market the moment people tap their smart phones. There are many such digital platforms available that generate business. However, they don't address the issues of social inclusion for informal workers and rising incidents of caste based prejudices. We argue that appropriate regulatory mechanisms must be put up to ensure that dignity of work is upheld.

4. Global Production System and Decent Work: Lessons for India

India's welfare state has worked for the poor through poverty alleviation programmes although at snail's pace due to shortsighted economic planning for



human development. In retrospect, we observe that most of these programmes focused on either short term concerns or they were at best populist schemes. The core issues like human capital formation and economic inclusion did not get the adequate policy attention unlike the policy augmented human capital formation of the East Asian countries. This neglect of human development on a mass scale gave way to the communal forces to exploit an army of illiterates for their communal politics.

The ongoing orgy of communalism over the past few years in the country is a testimony to it. Eventually, the country is being pushed into a quagmire of incapability and helplessness. India's failure on social and economic challenges thus is a variant of its political failure. Its consequences will be disastrous. The policy shift of the early 1990s was much obsessed with the notion of market efficiency to correct shortcomings of the resource redistribution through welfare state mechanisms. In the praise of privatisation, the storms of communal clashes have become unbridled due to paralysed democratic institutions.

Economic development can be enhanced if human development and productive capacity is achieved. Even though India attained higher economic development since independence, it lagged behind the East Asian region. Human development boosts total factor productivity of the economy.

This has been exemplified by the countries of the East Asian region. Unlike the western Europe, their economic had resulted from the proper utilisation of human resources. The low skill endowment in the poor youth constrained them to get employment in formal sector and the economic mainstream. In other words, the economy couldn't benefit from the demographic dividend for economic growth, carry out structural transformation, and achieve high level of economic development.

The journey of economic development, in a broader sense, will take a fairly long time in India. In the past seven decades since independence, despite all policy experiments for modernisation, human development has not percolated sufficiently to the grassroots of the society. However, the solid economic base of the country was developed by the process of economic planning. This base comprises institutions of public health and education, economic infrastructure, banking system, and other constitutional institutions. Hence, the policy makers must learn a few lessons from the developed world.

First and foremost, the biggest challenge for promoting decent work relates to changing the social consciousness of Indian society that takes caste based



discrimination and humiliation as normal. Any talks of dignity of human life and work are not work discussion. The constitutional provisions for dignity of work have not still percolated down in the awareness of the common psyche.

Secondly, the political stability is one of the most fundamental conditions for ensuring smooth functioning of economic institutions (Dreze and Sen, 2002). In the age of modern capitalism, any state has to provide assurance to the foreign investors for the protection of their invested money. The market forces can't run in absence of legal protection and the rule of law. The communal clashes erupting in different parts of the country will undermine investors' confidence in the local economy.

Thirdly, the growth of decent work in India calls for correcting the political economy of development. Given the gross inequalities in the distribution of land, industrial capital, wealth, and income cross classes and social groups, there is an urgency on part of the policy makers to attune the political landscape towards distributive justice.

Last but not the least, a decent work agenda in the Indian context calls for addressing the issues of political economy across social groups.

5. The Way Forward

The notion of decent work is far more complex to discuss and daring to resolve in the Indian context. Deeply entrenched as it is in the social hierarchy, it is regulated by the forces of caste hegemony. Trying to resolve it using concepts and terminologies of capitalism can't be an effective approach. The journey of Indian capitalism has not given much attention in this direction. On the contrary, it has confounded the political economy of development as wealth concentration has increased in the hands of too few capitalists' forces.

India's labour market has grown organically without much relevance to the growth of modern industrialisation. The market is under heavy influence of feudalism as highlighted by the existing literature. The economic reforms of early 1990s couldn't suggest or do any improvement in the social structure for the benefit of lower social groups that supply labour in India. The transition in Indian capitalism towards market economy model has further eroded the volume of decent work.

The post-Fordist changes in the global production system necessitated the growth of decent work in India although it is a challenging task. Unless the issues of political economy across social groups are addressed, modern capitalism will continue to derail the agenda of decent work in India.



References

- Banerjee, B. and J. B. Knight (1985). Caste discrimination in the Indian urban labour market. *Journal of development Economics* 17(3), 277–307.
- Dreze, J. and A. Sen (2002). *India: Development and participation*. Oxford University Press, USA.
- Harvey, D. (2016). Neoliberalism is a political project. *Jacobin Magazine*.
- Kaplinsky, R. (2005). *Globalization, inequality, and poverty: Between a rock and a hard place*. Cambridge, UK: Polity.
- Madheswaran, S. and P. Attewell (2007). Caste discrimination in the Indian urban labour market: Evidence from the national sample survey. *Economic and political Weekly*, 4146–4153.
- Mehrotra, S. (2014). *India's Skills Challenge: Reforming Vocational Education and Training to Harness the Demographic Dividend*. Oxford University Press.
- Mehrotra, S. and S. Acharya (2017). Planning for human development-experiences in Asia. pp. 1607–1631.
- Moon, V. (2014). Dr Babasaheb Ambedkar writings and speeches.
- Patnaik, P. (2014, July). Capitalism, Inequality, and Globalization: Thomas Piketty's Capital in the Twenty-First Century. *International Journal of Political Economy* 43(3), 55–69.
- Polgreen, L. (2010). Business class rises in ashes of caste system.
- Sen, A. K. (1997). From income inequality to economic inequality. *Southern Economic Journal* 64(2), 384–401.
- Sharma, L. and A. Nagendra (2016). Skill development in India: Challenges and opportunities. *Indian Journal of Science and Technology* 9(48), 1–8.
- Thorat, A. and O. Joshi (2015). The continuing practice of untouchability in India: Pat terns and mitigating influences. *India Human Development Study Working Paper* 3.
- Thorat, S. and K. S. Newman (2007). Caste and economic discrimination: Causes, con sequences and remedies. *Economic and Political Weekly*, 4121–4124.
- Tonkiss, F. (2006). *Contemporary economic sociology: globalization, production, in equality*. Routledge.