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EARNING DIFFERENTIALS ACROSS SOCIAL GROUPS: EVIDENCES FROM INDIA

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Abstract

Earning differentials in labour market leads to multidimensional aspects of deprivation and disadvantage. While the 'deprived' are excluded from participation in society, such exclusion may also cause deprivation. In economic terms, disparity in labour markets has far-reaching consequences because of its impact on earnings and asset creation. In this paper we look at earnings differentials across social groups in the Indian Wage Labour Market. The results indicate that the share of the Excluded Groups - SCs, STs, and OBCs - in Wage Employment is lower than their corresponding share in population and their shares in Wage Earnings are even lower. Earning ratios has been continuously declining, most sharply in the 2000-05 period. The share of these Excluded Groups in the Top Wage classes is also negligible, with most of them concentrated in the Bottom Wage class. Upward mobility from lower to higher wage classes is low for these groups compared to others, thereby increasing the disparity between the groups. Skewed Occupational Distribution and predominance of Casual workers among the excluded groups are major reasons for such disparity. Earning differential is pronounced both in the economically lagging and advanced states and a rise in disparities in the post-reform period indicates that high growth-high private investment-tertiary sector boom is creating new divide in the society in terms of deprivation and discrimination. As discrimination leads to disparities in capability formation and ownership of assets, the excluded groups are unable to participate in the growing economic affluence and are being increasingly marginalized. Inclusive growth strategies and participatory development programmes with substantial local-global synergy is the need of the hour to combat earning differentials in labour market.

Keywords: Earning Disparity; Wage Labour Market; Social Exclusion; India.
JEL Codes: J31; E24; J21;

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Abstract

Earning differentials in labour market leads to multidimensional aspects of deprivation and disadvantage. While the 'deprived' are excluded from participation in society, such exclusion may also cause deprivation. In economic terms, disparity in labour markets has far-reaching consequences because of its impact on earnings and asset creation. In this paper we look at earnings differentials across social groups in the Indian Wage Labour Market. The results indicate that the share of the Excluded Groups - SCs, STs, and OBCs - in Wage Employment is lower than their corresponding share in population and their shares in Wage Earnings are even lower. Earning ratios has been continuously declining, most sharply in the 2000-05 period. The share of these Excluded Groups in the Top Wage classes is also negligible, with most of them concentrated in the Bottom Wage class. Upward mobility from lower to higher wage classes is low for these groups compared to others, thereby increasing the disparity between the groups. Skewed Occupational Distribution and predominance of Casual workers among the excluded groups are major reasons for such disparity. Earning differential is pronounced both in the economically lagging and advanced states and a rise in disparities in the post-reform period indicates that high growth-high private investment-tertiary sector boom is creating new divide in the society in terms of deprivation and discrimination. As discrimination leads to disparities in capability formation and ownership of assets, the excluded groups are unable to participate in the growing economic affluence and are being increasingly marginalized. Inclusive growth strategies and participatory development programmes with substantial local-global synergy is the need of the hour to combat earning differentials in labour market.

I. INTRODUCTION

Wages and Earning Differentials in Labour market can be linked to deprivation or impoverishment in a multi-dimensional and interactional fashion, rather than in a linear way. On one hand, 'the poor' are likely to be excluded from wider participation in society because of their relative material disadvantage in terms of income. However, discrimination may also cause deprivation e.g. poor people may be excluded from not only means of livelihood as lands are commercialised, traditional occupations become redundant with technological advances, etc, but also from capability formation, thereby preventing moving into the 'included' group from the 'excluded' group.

In economic terms, discrimination in labour markets may operate along a number of dimensions – gender, religion, caste, age – which effectively reduces the opportunity for such groups to gain access to social services and limits their participation in the labour market. Of all the lines along which discrimination and disparity have been practiced in India none have had as long-lasting an effect as the division along caste lines. The Scheduled Castes and Tribes have been a pariah in the development process of India for quite a long time. Affirmative actions in the form of Reservation in Education and Employment were taken after independence to provide them space in the mainstream and trigger self-sustaining growth of these groups. In recent years the issue has again come to centre-stage in view of the debate between pro- and anti-reservation lobbies. Before aligning with any of the groups, one must first take a stock of the real situation of these socially excluded groups in the labour market. Under such circumstances it becomes imperative to understand the magnitude and trends in the process of income and wage differentials in India across social groups where we have both a substantial mass of socially backward population and significant earning disparity among social groups. Moreover, it is often felt that the neo-liberal (and neo-classical) forces of globalisation are preventing the State from taking socially democratic policies and over-dependence on market is leading to demise of the *Welfare State*. This phenomenon is most likely to affect the labour market. We have to explore whether in India also, Globalisation in recent years is leading to greater social disparity in wage earnings, as sometimes claimed. This link between liberalisation and earning disparity should be an important agenda of discussion in the present millennium.

Therefore, in this paper we try to look at the dimensions of disparity in the Indian Wage Labour Market across social classes and its trends over time. The next section reviews the existing literature on social exclusion, both international and Indian, and identifies some of the dimensions along which social exclusion may operate. The third section outlines briefly the objectives of the paper while the fourth section mentions the database used. The fifth section analyses the Indian scenario with the help of available database. The last section summarises the findings and provides some policy directions.

II. DIMENSIONS OF ‘SOCIAL’ DISPARITY – BRIEF REVIEW OF STUDIES

Discrimination in labour market can be strongly linked to notions of ‘relative poverty’, Amartya Sen’s work on ‘entitlements’, and Chambers’ views on ‘vulnerability’. It is also linked to social and political capital formation, particularly in terms of policies for alleviating

social dimensions of poverty. The World Bank (2000) has explicitly recognised the importance of socio-political factors in causing poverty by commenting

“Discrimination on the basis of gender, ethnicity, race, religion, or social status can lead to social exclusion and lock people into long-term poverty traps.”

Internationally, discrimination across social lines has been studied by individual researchers as well as multilateral bodies like ILO and World Bank. From a neo-liberal perspective, such disparities can be seen as an unfortunate but inevitable side effect of global economic realignment, a necessary result of global realignments of production structures and the concomitant fact that workers formerly protected by trade barriers at national level and social security and formal employment conditions at personal level, are now excluded from such benefits. A second more radical position argues that earning differentials is nothing but inequality generated by the workings of the economic system and is termed *social* only to conceal its *economic* origin (Willis, 2000). The third view is that disparity appears as people are evicted from spaces they previously occupied or are deprived of rights of access in the first place due to international processes and institutional relationships associated with rapid social and economic global change and local impacts and responses (Joint-Lambert, 1995).

The message coming out from these studies is that people might be excluded from land and other natural resources (because of scarcity, landlessness and lack of legal entitlement); agricultural livelihood (due to lack of access to inputs); formal and informal employment (due to patterns of labour absorption, education and social identity); organisation and representation (due to patterns of political inclusion); physical infrastructure & social services (due to distance, usage costs); and, credit (because of lack of collateral). Of these, earning disparity creates the most long-lasting and far-reaching impacts.

Empirical studies at the international level include those by Atkinson (1998), Loring (1998), Bhalla & Lapeyre (1999), Gore & Figueiredo (1999), Mishra (1999), Beall & Clert (2000), Clert (2000), Kabeer (2000), Beall (2002), Carr & Chen (2004). Most of them conclude that empirically at least there has been an erosion of social equity in recent times and State intervention is necessary for bringing the disadvantaged groups nearer to the advantaged ones, especially in the developing countries.

Regional studies of social exclusion include sub-Saharan Africa (Gore, 1994) and South Asia (de Haan, 1995). Country studies have been carried out on India (Nayak, 1994, Appasamy et al, 1996), Tanzania (Kaijage and Tibaijuka, 1996), and also Brazil, Yemen and Peru (ILO, 1996). All these studies use the methodological approaches based on *Rights, Groups, and Institutions*.

Closer home, in India, disparities across social classes have been studied by few researchers in recent times [see Nayak (1995) for a brief review]. However, most of them have either analysed discrimination from the *Gender* angle [e.g. Duraisamy & Duraisamy (1996), Madheswaran & Lakshmanasamy (1996), Dunlop & Velkoff (1999), Kumar et al (1999), Sharma & Papola (1999), Esteve-Volart (2004)] or have explored existing levels of poverty among social groups and how poverty among certain groups have been consistently higher than the rest [Sundaram & Tendulkar (2003), Mutatkar (2005)]. Differentials in these papers has been construed as a *stock concept* with little effort at identifying the reasons behind perpetuation of such discrimination even after 60 years of independence, planning, and affirmative actions.

Only a handful of studies look into the social disparities in labour market in India. Banerjee and Knight (1985) examined wage differentials between scheduled and non-scheduled castes in the urban labor market and Borooah et al. (2005) examined differences in employment rates between upper and backward castes. Takahiro (2007) also studied caste discrimination in the labour market in north India. Their results also indicate that “job discrimination” against the backward classes do happen.

These studies on social disparity and labour market however are either case studies, or even when the study is of macro dimension are limited to studying the unemployment rates only without exploring the earning differential – the crux of disparity. Also, no effort has been made to understand how the process of globalisation is affecting social discrimination. The present study will bring out not only unemployment among socially disadvantaged groups, but also *Non*-employment among them (defined as employment without adequate remuneration). In addition, the study will enquire how the post-liberalisation regime has affected such social disparities. The study is thus significant from the viewpoint of both assessing the current dispensation and suggesting remedial measures.

III. OBJECTIVES

The objective of the study can be outlined as follows:

- a) Determination of trends in wages & earning differentials among social groups in Indian labour market;
- b) Reviewing whether disparities also exist in terms of Availability of employment, Nature of employment (casual/regular), Occupational distribution (NCO-1968), Industrial distribution (NIC-1998), etc;
- c) Exploring whether such disparities follow any regional pattern or not;

- d) Exploring how Globalisation has affected these trends in recent times;
- e) Indicating some of the factors causing such disparities; and,
- f) Suggesting some policies to bridge the gap between advanced and backward groups.

IV. DATABASE

In this paper, we take up the issues of exclusion from employment opportunities and disparities in earnings for exploration. Details of employment status, employment structure and wages received are collected during the Quinquennial Surveys on Employment and Unemployment conducted by the National Sample Survey Organisation (NSSO) in India. We use the NSSO databases of 50th, 55th, and 61st round surveys, pertaining to the years 1993-94, 1999-00, and 2004-05, for this paper. NSSO unit level records have been processed, collated, and tabulated before doing the econometric exercises.

A note on the database seems necessary at this point. NSSO data for 1993 distinguishes between STs, SCs, and Others (whom we call General Caste or GEN) while the 1999 and 2004 data provide information for OBCs separately from the GENs. Thus, there are some comparability problems in the data, which however is not insurmountable. With this background, we now explore the situation.

Table 1
Shares in Population & Employment by Social Groups in India – 1993-2004

Social Group	Shares in Population			Shares in Employment		
	1993	1999	2004	1993	1999	2004
Scheduled Tribe	8.4	8.9	8.5	10.5	8.5	10.1
Scheduled Caste	18.4	19.6	19.7	26.0	20.6	27.1
OBC		35.8	41.2		24.8	26.8
General	73.2	35.6	30.6	63.5	46.1	36.0
All Groups	100.0	100.0	100.0	100.0	100.0	100.0

Note: a – For 1993, General includes the OBCs as well.

Source: Authors' Calculation based on NSSO (1997, 1997a, 2001, 2001a, 2006, 2006a)

V. EARNING DIFFERENTIALS IN INDIA: SOCIAL DISPARITIES

1. Employment Opportunities

Before analysing earning disparities, we have a brief look at the disparities in employment opportunities across the social classes. In spite of 60 years of affirmative action, both in the job market and in the arena of capacity building through education, the situation of Excluded Groups are grim. It is observed that the share of them in employment is substantially less than their corresponding share in total population or workforce (Table 1). Thus the EGs are under-represented in the labour market, which, given the substantial high level of poverty among

them, is definitely not voluntary. It is quite clear that they are marginalized in the job market and employment opportunities are quite restricted for them.

More significant is the fact that in the immediate post-reform period while their share in population increased, their share in employment declined, indicating further discrimination in the labour market after SAP.

It is only during 2000-05 period that the share of the EGs in employment increased, though remaining significantly below their share in population.

2. Earnings

We are however more concerned about the earning differentials in the society. While equitable employment opportunities are desirable, jobs per se are not important unless they ensure a decent living standard. Ensuring jobs are crucial in as much as they ensure certain minimum income for the hitherto deprived people, which they can utilize for capacity building and thereby come out of the trap of deprivation and backwardness. However, this requires equality in the arena of earnings as well, since any inequality herein against the already excluded would only create further deprivation and widen the disparities.

Table 2
Shares in Wage Earnings by Social Groups in India – 1993-2004

Social Group	Shares in Wage Earnings		
	1993	1999	2004
Scheduled Tribe	6.8	5.6	6.1
Scheduled Caste	18.0	14.3	18.4
OBC		20.8	21.6
General	75.1	59.3	53.9
All Groups	100.0	100.0	100.0

Note: a – For 1993, General includes the OBCs as well.

Source: Same as Table 1

Evidences from the Indian labour market show that we have failed miserably in this regard.

While shares of EGs in employment are lower than their share in population, their shares in total wage earnings are even further lower (Table 2). This implies that even when they are getting jobs, they earn relatively less than the rest. The disparity is also alarmingly high – earning per worker per week and per manday for the STs being almost one-third of that of the IG (Table 3). If we classify weekly earnings into Top, Middle, and Bottom Wage Classes (accordingly as weekly earnings are above Rs 500, between Rs 200 and Rs. 500, and below Rs. 200 respectively), we find that about 70 per cent of workers from the EG are in the Bottom Wage Class and only about 3 per cent of them are in the Top Wage Class in 2005 (Table 4 & 5). The corresponding figures for the IG are 40 per cent and 14 per cent respectively. This clearly indicates significant disparity and discrimination in the wage market resulting in further deprivation of the EGs.

Table 3
Earnings by Social Groups in India – 1993-2004

Social Group	Earning per Worker			Wage per Manday			Earning Ratio		
	1993	1999	2004	1993	1999	2004	1993	1999	2004
Scheduled Tribe	236	309	304	34	53	53	54.8	51.6	35.8
Scheduled Caste	251	324	337	36	57	59	58.6	54.1	40.2
OBC		391	427	62	67	72		65.2	51.0
General	432	600	838		102	132	100.0	100.0	100.0
All Groups	365	467	497	52	80	83			

Note: For 1993, General includes the OBCs as well. Earnings and Wages are in constant 1999 prices

Source: Same as Table 1

If we now look at the temporal trends, we find that the earning ratio (Earning per worker of EG as ratio of that of IG) is continuously decreasing, most sharply during 2000-05, the period when employment for the EGs increased relatively faster (as evident from their rising share in employment during this period). It can therefore be commented that much of the employment expansion of the EGs during the post-SAP period is distress employment in lowly paid jobs – a feature which has been termed ‘*Non-employment*’ by researchers [Mathur (1999), Mukherjee (2003)].

Table 4
Distribution of Workers among Different Wage Classes in India by Social Groups

	% of Workers in 1993 in			% of Workers in 1999 in			% of Workers in 2004 in		
	Bottom	Middle	Top	Bottom	Middle	Top	Bottom	Middle	Top
Scheduled Tribe	88.5	11.2	0.3	80.7	16.8	2.5	78.5	19.5	2.1
Scheduled Caste	82.9	16.8	0.2	70.9	27.4	1.7	65.2	32.8	2.1
OBC				64.4	32.3	3.3	59.9	36.3	3.8
General ^a	65.3	32.1	2.5	51.7	39.4	8.9	40.1	46.2	13.7
All Groups	72.4	25.9	1.7	61.3	33.3	5.5	58.1	36.2	5.7

Note: a – For 1993, General includes the OBCs as well.

Source: Authors’ Calculation based on NSSO (1997, 1997a, 2001, 2001a, 2006, 2006a)

Some upward mobility is perceived with movements from Bottom Wage Classes to Middle and Top Wage classes. However, this is more pronounced for the IG compared to the EGs.

Quite clearly, deprivation and disparities are on the rise in the post-SAP period. This has serious consequences for social equity in India, which we will discuss later.

Table 5
Shares of Different Social Groups in Top & Bottom Wage Classes in India

Shares of	In Bottom Wage Class			In Top Wage Class			In Population		
	1993	1999	2004	1993	1999	2004	1993	1999	2004
Scheduled Tribe	12.9	11.2	13.7	1.9	3.9	3.7	8.4	8.9	8.5
Scheduled Caste	29.8	23.8	30.4	3.5	6.6	9.7	18.4	19.6	19.7
OBC		26.1	37.9		14.8	24.4		35.8	41.2
General ^a	57.3	38.9	18.0	94.6	74.7	62.2	73.2	35.6	30.6
All Groups	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Note: a – For 1993, General includes the OBCs as well.

Source: Authors’ Calculation based on NSSO (1997, 1997a, 2001, 2001a, 2006, 2006a)

Table 6
Regional Structure of Earning Ratios for Social Groups in India

States	1993		1999			2004		
	ST	SC	ST	SC	OBC	ST	SC	OBC
Andhra Pr	63.5	64.5	51.5	58.4	65.1	41.4	41.5	52.7
Arunachal Pr	83.6	83.1	100.0	100.0	100.0	100.0	100.0	49.0
Assam	100.0	80.7	100.0	76.0	84.9	86.4	73.0	78.5
Bihar	85.1	60.5	78.9	53.8	69.4	51.1	37.7	53.1
Chattisgarh ^a						26.9	27.9	26.1
Goa	56.3	65.2	47.8	50.1	79.7	56.7	74.3	62.6
Gujarat	51.8	71.0	46.6	72.1	66.6	39.1	41.0	47.5
Haryana	63.8	57.0	37.5	52.2	66.5	70.7	32.2	43.1
Himachal Pr	94.5	62.9	100.0	65.0	66.0	80.1	61.4	71.3
J&K	56.6	53.0	46.0	46.6	71.6	99.3	64.0	81.6
Jharkhand ^b						31.1	32.9	43.3
Karnataka	55.5	54.2	53.1	47.7	71.5	32.6	38.7	51.5
Kerala	74.7	73.3	74.0	72.0	81.3	52.7	59.3	80.4
Madhya Pr	47.6	59.4	55.8	50.8	62.7	24.0	27.3	35.9
Maharashtra	43.4	61.1	54.9	60.5	68.4	30.3	46.9	52.2
Manipur	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Meghalaya	81.0	86.5	87.7	100.0	100.0	57.6	31.2	104.8
Mizoram	100.0	100.0	93.0	91.4	87.2	100.0	100.0	68.3
Nagaland	100.0	100.0	100.0	74.3	60.1	100.0	100.0	85.8
Orissa	44.4	46.7	47.0	53.4	70.9	32.1	39.3	55.0
Punjab	81.5	69.6	68.2	64.4	82.0	52.1	41.7	47.4
Rajasthan	51.3	59.7	53.4	65.9	73.8	42.8	49.6	62.8
Sikkim	82.7	82.1	100.0	78.9	82.7	100.0	79.1	100.0
Tamil Nadu	100.0	59.2	68.5	49.1	78.0	16.3	15.0	24.2
Tripura	57.4	65.3	91.5	78.8	74.5	74.9	66.5	72.9
Uttar Pr	98.9	47.9	100.0	53.8	64.8	94.2	47.5	60.4
Uttaranchal ^c						33.4	34.7	46.8
W Bengal	50.4	54.3	45.9	59.7	78.2	44.8	56.1	76.2
Delhi	76.7	58.2	42.6	53.1	52.8	100.0	44.9	62.3
All India	54.8	58.6	51.6	54.1	65.2	35.8	40.2	51.0

Note: a, b, c – States were formed after 2000; d – For 1993, General includes the OBCs as well.

Source: Authors' Calculation based on NSSO (1997, 1997a, 2001, 2001a, 2006, 2006a)

3. Regional Pattern of Disparities

While social exclusion is wide spread in India, there are certain regions that are more unequal than others. It is generally expected that deprivation and discrimination in terms of lower shares in employment and wages and lower earning ratios would be more severe in the economically lagging regions. While it is true that exclusion is pronounced in weaker states like Orissa, Madhya Pradesh, and Uttar Pradesh, surprisingly, the situation is no better in some of the economically advanced states like Maharashtra, West Bengal, Delhi, and Haryana (Table 6). Thus exclusion and deprivation seems to follow an U-shaped pattern with high exclusion at the lower and higher ends of economic scale, and moderate exclusion in the middle regions.

This pattern can be explained by the dynamics of exclusion. In poorer states with limited employment and earning opportunities, the EGs face considerable hardship in getting jobs, and even when they get one they are often the most ill-paid ones. On the other hand, while employment opportunities are wider in the advanced regions, the nature of jobs and the associated capability requirements shuts out the EGs, who have not been able to build up requisite capabilities. Thus, initial inequalities in entitlements prevent capacity formation among the EGs, which in turn prevents them from entering the job market even when the economy is vibrant and growing. This has wider policy implications, which we shall discuss later.

Table 7
Occupational Distribution of Wage Workers by Social Groups in India

Occupation	1993			1999				2004			
	ST	SC	GN+OBC	ST	SC	OBC	GEN	ST	SC	OBC	GEN
Professionals	5.2	19.7	75.1	6.0	16.0	22.8	55.2	3.7	12.8	28.2	55.3
Technical	4.5	7.2	88.3	5.6	7.6	19.1	67.8	5.8	10.5	28.0	55.7
Administrative	2.5	5.0	92.5	3.5	5.0	11.9	79.6	2.0	7.8	27.0	63.2
Clerical	4.0	10.5	85.5	4.1	9.8	19.3	66.8	4.4	15.2	31.7	48.6
Sales	2.8	9.6	87.6	1.5	7.7	27.7	63.1	3.5	14.1	36.3	46.1
Service	5.5	24.7	69.8	4.9	20.2	22.8	52.1	5.0	31.5	34.2	29.3
Farmers etc.	14.4	33.4	52.2	11.7	26.6	25.1	36.6	14.7	32.3	37.2	15.8
Production etc.	4.4	17.7	77.9	3.6	13.4	32.4	50.6	5.9	21.3	45.0	27.9
Transport	5.1	13.4	81.5	3.6	13.4	27.2	55.9	3.0	21.8	43.4	31.8
Labourers nec	10.5	25.6	63.9	7.7	19.4	26.2	46.6	9.2	30.0	38.0	22.7
All Occupations	10.5	26.0	63.5	8.5	20.6	24.8	46.1	10.1	27.1	36.8	26.0
Popu Share	8.4	18.4	73.2	8.9	19.6	35.8	35.6	8.5	19.7	41.2	30.6

Note: a – For 1993, General includes the OBCs as well.

Source: Authors' Calculation based on NSSO (1997, 1997a, 2001, 2001a, 2006, 2006a)

VI. DISPARITIES IN EARNINGS: SOME CAUSAL FACTORS

While the disparities have been clearly brought out, we must also try to explore why such differentials exist. Two specific factors seem to be instrumental in this, which we briefly elaborate below.

1. Occupational Structure

A major factor behind such earning disparities among social groups in India has been the employment structure itself. The occupational distribution is highly skewed with very few from the EGs present in the socially elite occupations like Professionals (Teachers, lawyers, doctors, etc.), Technical Personnel (Engineers, Scientists, etc.), or Administrators (mostly Managers and those in Government Administrative Services). Overwhelming majority of the workers from EG are in occupations like Farming & Labourers, and also in Repair Services and Transport Operations (Table 7 & 8). Quite naturally, since wages and earnings in these

occupations are relatively much lower, the shares of EGs in overall wage earnings are also lower.

Table 8
Earning Ratios for Social Groups in India – by Occupation

Occupation	1993		1999			2004		
	ST	SC	ST	SC	OBC	ST	SC	OBC
Professionals	59.1	35.2	56.1	35.0	54.4	73.8	54.5	67.7
Technical	80.9	82.6	88.6	82.0	83.6	81.0	76.7	80.2
Administrative	46.2	73.5	75.5	71.8	68.5	73.8	36.8	53.3
Clerical	87.1	84.7	91.8	85.0	78.4	89.1	77.5	84.1
Sales	66.4	63.3	86.2	69.1	73.1	47.8	51.5	66.9
Service	100.0	87.1	85.4	80.2	81.0	66.3	70.7	67.7
Farmers etc.	89.8	99.0	81.1	95.9	94.9	71.7	78.1	84.4
Production etc.	100.0	97.6	76.5	87.2	73.3	52.1	67.2	70.7
Transport	95.7	76.2	100.0	92.8	84.9	105.7	74.3	77.1
Labourers nec	70.1	85.1	71.2	79.4	88.9	63.2	71.4	80.2
All Occupations	54.8	58.6	51.6	54.1	65.2	35.8	40.2	51.0

Note: a – For 1993, General includes the OBCs as well.

Source: Authors' Calculation based on NSSO (1997, 1997a, 2001, 2001a, 2006, 2006a)

2. (Non) Regularity of Employment

Another important factor is the status of employment. It is observed that the workers belonging to IG are more in Regular jobs with secure wages while the EGs are more into Casual jobs which does not have any surety regarding availability of jobs and hence suffer from uncertainty regarding earnings too (Table 9). Since total earning depends both on rate of wages and job availability, those with casual jobs earn much less because of non-availability of jobs for a major part of the week/month/year. Underemployment being more predominant among EGs, it follows that their earnings are much lower than their counterpart in IG. Further significant is the fact that the share of regular workers in total wage employment has increased during 1993-2005, but while the increase has been prominent for the IG, it has only been marginal for the EGs, aggravating the relative deprivation further.

Table 9
Working Status of Wage Workers by Social Groups in India

Social Groups	1993		1999		2004	
	Regular	Casual	Regular	Casual	Regular	Casual
Scheduled Tribe	14.5	85.5	16.3	83.7	17.1	82.9
Scheduled Caste	16.4	83.6	19.0	81.0	23.8	76.2
OBC			30.3	69.7	35.5	64.5
General ^a	40.4	59.6	44.8	55.2	60.8	39.2
All Groups	31.4	68.6	33.5	66.5	37.0	63.0

Note: a – For 1993, General includes the OBCs as well.

Source: Authors' Calculation based on NSSO (1997, 1997a, 2001, 2001a, 2006, 2006a)

VII. DYNAMICS OF DISPARITIES AND THE IMPACT OF GLOBALISATION

It is thus obvious that substantial disparities among social groups do exist in the Indian labour market and the disparities have increased in the post-SAP period. The close association of

such rising disparity with increasing globalisation of the Indian economy merits some discussion.

With increased global intelinkages, employers in India are focusing more and more on employability and efficiency of workers. With substantial disparities among social groups in educational attainment and skill formation, it is quite natural that it will be reflected in the labour market as well. Global forces are also leading to flexible specialisation in the labour market with more jobs being casual or contractual in nature rather than regular. The same globalisation process is also associated with increased presence of MNCs in India. These companies are concentrated mainly in Information Technology, Telecommunications, Energy, and Financial Sectors. They and their Indian counterparts offer astronomical salaries to a handful of in-house employees while at the same time outsource much of their work to lowly paid contract workers. Thus the period of globalisation in India has created substantial polarisation in the labour market – a small group of permanent regular workers earning high salaries while a majority of the workers earn substantially less and that too without any regularity.

This polarisation has created new divide in the labour market with skill, education, and social background fetching assured jobs and premiums in earnings for the included group while the excluded groups are finding it increasingly difficult to acquire decent jobs. Moreover, during this period the occupational structure of the economy has shifted away from the directly productive sectors to the tertiary sectors (Mukherjee, *forthcoming*). Stagnation and squeezing of the production related jobs have hurt the EGs more as they have been concentrated in these jobs. Desperate for a living, the EGs are moving into the lower rungs of the tertiary sector – Sales, and Repair Services.

Thus, the dynamics of the labour market following globalisation in India is leading to increased disparity among social classes in terms of both employment opportunities and earning levels, divergence being much more for the latter. This is a matter of serious concern and needs immediate address by policy makers.

VIII. CONCLUSION

The situation of the socially excluded groups in Indian labour market in particular and socio-economic arena in general is therefore far from satisfactory. Considerable disparities exist in terms of employment levels, status of jobs, and earning standards between the social classes. Moreover, after the SAP, in the first quinquenna both employment levels and earnings drifted further apart, while in the second though employment levels picked up, relative earnings fell

further indicating distress nature of the (created) jobs. It would therefore be safe to infer that the objective of social equity has not been fulfilled upto the expected level even after 60 years of affirmative action. Rather, the present policy regime seems to negate the achievements of the first 40 years. This calls in for a serious rethink on the instruments that are in vogue to achieve social equity, especially it seems pertinent to ask how much of the benefits of reservation in school & college education and in jobs are actually reaching the EGs.

It is necessary to not only provide more jobs to the EGs through quotas, but to make them more employable through imparting of quality education and hands-on skill formation. Chronic poverty among excluded social groups, much acute than others, is also responsible for their drop-out from capacity building process and entering job market too early. Unless skill and efficiency among EGs can be build up labour market will continue discriminating against them and bereft of earnings, a vicious cycle of low human capital – low earnings will continue over generations. In a growing ‘market friendly’ economy with State gradually withdrawing from economic sphere, the intervention cannot be at the point of earning alone. Rather, it has to be at the point of human capital formation through development of social infrastructure – education & health. Also, bringing them to technical & vocational training institutes would be much more effective than the headlines-hogging policies of reserving seats in blue chip Management Institutes. Targeting regions where the EGs are spatially concentrated is also expected to bring better results rather than the ambitious *Sarva Siksha Avijan* spread across the country. Above all, this has to be done with right earnest and a zeal that was echoed in Vivekananda’s words – “*so long as the millions live in hunger and ignorance, I hold every person a traitor who, having been educated at their expense, pays not the least heed to them!*” Only then can we have both a growing and an equitable society.

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