

SAMATA Annual Lecture III

# Affirmative Action and Private Sector

Prof. Ashwini Deshpande



**SAMATA Annual Lecture III**

**Affirmative Action and  
Private Sector**

**Prof. Ashwini Deshpande**

© SAMATA Annual Lecture III

Kathmandu

13-14 September 2013

This lecture note is published in collaboration with International Institute for Democracy and Electoral Assistance [International IDEA], supported by Royal Norwegian Embassy and Government of Finland.



Sanepa, Lalitpur, Nepal

Phone: +977-1-01-5520851

E-mail: [info@samatafoundation.org](mailto:info@samatafoundation.org)

[www.samatafoundation.org](http://www.samatafoundation.org)

National Endowment for Democracy (NED) and Foundation Open Society Institute [FOSI] have provided technical and other supports to organize this annual lecture. However, the views, analysis and conclusion expressed in this publication are those of the author[s] and do not necessarily reflect the policies of those institutions. The electronic version of this work will be distributed under a Creative Commons License.

## Acknowledgement

As usual, the effort, contributions and support of many have made this two-day event possible. We are extremely grateful to Prof. Ashwini Deshpande for coming to Nepal and sharing her experiences with us and for unfolding a new concept on affirmative action. We take this opportunity to thank International IDEA for providing the funds necessary to organize SAMATA Annual Lecture III and the discussion program.

The board of directors offered strategic advice and support. We would like to express our heartfelt gratitude to each member of the board. During the discussion, former Dalit Constituent Assembly members, political leaders, representative from organizations under private sector, scholars and civil societies, and activists presented their views on affirmative action and private sector. We would like to thank Dr. Purna Nepali and Santosh Pariyar for their insights that added more color to Prof. Deshpande's presentation. We would also like to acknowledge the contribution of Dr. Hemant Dawadi, Director of FNCCI for his keynote speech.

Moreover, thanks go to Dr. Rabindra Roy for his effort to organize the lecture. Last but not least, the contributions made by Ujjwal Sundas, Rajendra Maharjan, Anju Pariyar and Arjun Bahadur Bishwakarma, to bring this publication into this shape are also duly acknowledged. We thank all the participants for attending and engaging in the discussions.

SAMATA foundation family



# Contents

Acknowledgement

Letter from Chair of the Board 7

1. Introduction 11

2. SAMATA Annual Lecture III 13

3. Discussion Session 38

4. Conclusion 54



## Letter from Chair of Board

Affirmative action and private sector is a new concept in the context of Nepal. In India, issues of inclusion was raised since the time India had its constitution formed but in Nepal, basically after 1990's people's movement and Dalits' involvement in ten years people's war have made issue of inclusion strong. The affirmative action has become a national issue today. For the first time in Nepal it has been practiced with MBBS quotas for Dalit students Affirmative action and reservation have been initiated in government service, army and police but yet those are in short of adequate planning and resources. For other higher studies, nothing has been done so far.

A few Dalits who are employed, most of them are engaged in private sectors, The account of Dalits holding government jobs is negligible. Hence, affirmative action in private sector should be the area of a concern today.. SAMATA foundation is one to organize this type of event for the first time in Nepal. Likewise, in Nepal Prof. Deshpande was the first person to deliver such lecture on affirmative action and private sector.

This report covers a two-day lecture session on "Affirmative Action and Private Sector" delivered by Prof. Ashwini Deshpande from the University of Delhi, India. On 13 September 2013, SAMATA foundation conducted the SAMATA Annual Lecture III, which was

attended by 163 participants. The lecture was aimed to create an environment where representative from private sectors, INGOS, activists, academicians and other interested individuals could come together to discuss on Affirmative Action and Private Sector. Through these discussions and debates, we hope to deepen the discourse on social inclusion and Dalit rights with the underlying objective to influence the state's policy-making process. Such discussions are particularly important today when Nepal stands at a politically challenging juncture with political consciousness of oppressed groups reaching new levels.

On 14 September 2013 SAMATA organized a Discussion Program with former CA members and leaders of political parties and their sister organizations, which was attended by 95 participants. There, Prof. Deshpande shared her presentation with politicians from different political parties, students, and representatives from civil societies, and the media.

Such event is a part of larger goal of SAMATA to end discrimination and promote inclusive democracy in Nepal by conducting research, advocacy and building capacity of the next generation of leaders from marginalized communities, particularly the Dalit community. Established in 2008, SAMATA foundation succeeded organizing Nepal's first International Dalit Conference on "Envisioning New Nepal: Dynamics of Caste, Identity and Inclusion of Dalits".

The foundation has published four policy briefs on 1) Confusion in Dalit Transformation in the New Constitution of Nepal, 2) Trends in Dalit Writing: Understanding Knowledge Production for Policymaking, 3) Vicious Cycle of Non-Representation: Nepal's Electoral System and Dalit Representation, and 4) Federalism and Dalit Power: Pro-Dalit Federal Structure. SAMATA has also published SAMATA Annual Lecture series I and II, in co-operation with International IDEA.

The foundation has also published Suvash Darnal's *The Land of Our Own: Conversation with Dalit Members of Constituent Assembly*,

Aahuti's *Nepalma Varna Byawastha ra Varga-Sangharsha (Caste System and Class Struggle in Nepal)*, *Satta-Bimarsha ra Dalit (Power Discourse and Dalits)*, a compilation of articles on Ambedkar's philosophy and

*Dom Samudaye ko Pahichan: badalindo Jiwanshaili (Identity of Dom Community: Changing Lifestyle)*. SAMATA has recently published *Dalit Saundrya Bodh (Dalit Aesthetics)* and *Court Martial (drama on Dalit issue)*.

We look forward for your continued support as we continue to research for the policy-making.



**Padam Sundas**  
Chairperson



1.

## **Introduction**

SAMATA foundation's primary focus is research-based policy advocacy. To advocate for policy issues SAMATA believes that the level of academic and philosophical understanding of policy issues and debates surrounding the policies should be enhanced first. For this, SAMATA organizes lectures and discussion programs with Dalit political and civil society leaders, scholars, students and journalists and other stakeholders. With this in mind, SAMATA started the first Annual Lecture series in the year 2011. The objective of such lecture sessions is to bring leading thinkers of Dalit policy-making from all over the world and provide a space to have academic discussions on policy issues pertaining to Dalits.

In 2011, Professor Marc Galanter presented on "Designing Affirmative Action in Nepal: A Tour of the Choices and Problems." In 2012, Professor Gopal Guru presented on the topic "Carrier of Social Justice in India: Implications of Affirmative Action Policy in Nepal." This year Prof. Ashwini Deshpande has presented on the topic "Affirmative Action and Private Sector". Ashwini Deshpande is a Professor at the Department of Economics, Delhi School of Economics, University of Delhi, and a Visiting Fellow at the Institute of Chinese Studies in New Delhi. Prof. Deshpande has immense interest in issues related

to globalization and development, and her specific research areas include the economics of discrimination; inequality and inter-group disparities, with a focus on caste and gender in India; international debt; and aspects of the Chinese economy. Her fellowship focuses on regional disparities and gender discrimination in China.

Deshpande writes with the analytical rigourness of a skilled economist, the sensitivity of a committed anthropologist, and the linguistic flair of an accomplished journalist. Deshpande offers the economist's voice, analytic tools, and data sets that make it clear how long-lasting and constraining caste hierarchies exist in propagating inequality in the society.

2.

## SAMATA Annual Lecture III

### **Affirmative Action and the Private Sector**

**Ashwini Deshpande<sup>1</sup>**

*Department of Economics, Delhi School of Economics, University of Delhi, India*

#### **What does affirmative action do?**

Affirmative action (AA) should be appropriately seen as *one* component of a set of several anti-discrimination measures, which together aim to reduce inter-group disparities in a variety of socio-economic dimensions. Let me begin by outlining what I believe the aim of any affirmative action programme is, i.e. which specific dimension AA is meant to tackle. Broadly speaking, AA consists of a set of anti-discrimination measures intended to provide access to preferred positions in a society for members of groups that would otherwise be excluded or under-represented. It provides a mechanism to address

---

<sup>1</sup> This essay is largely based on two earlier publications: Deshpande (2013), and Deshpande and Sharma (2013).

contemporary exclusion<sup>2</sup>, particularly a mechanism to de-segregate elites. AA can be, and has been, utilized in different parts of the world to change the social composition of elite position holders, making those positions more representative of the caste/ethnic/gender composition of the society as a whole. AA is not a conventional redistributive measure, in the sense that it does not lead to a redistribution of wealth or assets in the same way that, say a policy of land reforms, would achieve. It simply alters the composition of elite positions in society.

It is not meant to be an anti-poverty measure, although it could lift families of some AA beneficiaries out of poverty. It is not an employment *generation* measure either – it does not create jobs, it changes the distribution of existing jobs across social groups. Since universal schemes typically have greater public support than targeted schemes such as AA, it should be noted that class-based government programmes, such as anti-poverty or employment generation programmes, designed to ameliorate poverty or provide livelihood support to the poor, may not end up being truly universal or neutral, to the extent that deserving members of stigmatised groups could get disproportionately excluded from such programmes. The rationale for AA is that given systematic and multi-faceted discrimination against certain groups, the normal process of development might not automatically close the gaps between the marginalised and the dominant groups, because dominant groups will disproportionately corner the fruits of development. While it is true that the lives of large sections of the marginalised groups might not be touched by AA given its targeting of elite positions, AA nevertheless fulfills an important function by providing some members of disadvantaged communities a voice in decision making; by placing them in prestigious jobs and elite educational institutions, it provides the communities with voices that gets heard among decision-makers.

---

2 Even though the claim here is that AA primarily addresses contemporary exclusion, we should be fully aware that historical factors such as the history of slavery in the U.S. or that of caste-based discrimination in India have been instrumental in making AA politically feasible in the two countries and that there are similar historical factors relevant to other countries pursuing AA.

## The rationale for India's AA programme

India's AA is primarily directed towards castes and tribes that are marginalized and discriminated against (designated in a government schedule, hence called Scheduled Castes, or SCs, and Scheduled Tribes, or STs in official terminology<sup>3</sup>), and has now been extended to a group of communities classified under the umbrella term of "Other Backward Classes" (OBCs), that are considered backward according to a range of socio-economic indicators. There is an additional component directed towards electoral reservations for women in rural and urban local bodies. The entire programme is based on reserving government positions – public sector jobs and electoral quotas.

Supporters of AA would like it to extend to the private sector, a suggestion that is angrily disputed by its critics, as the latter believe that the link between caste and occupation is broken, and jobs are primarily allocated according to merit or qualifications, not caste. AA supporters argue that discrimination is continuing and widespread, and needs countervailing policies in the entire economy, not confined to public sector jobs.

It is undoubtedly true that in the contemporary Indian economy, the direct link between caste and traditional occupations is broken to a large extent, in that individuals often move out of their traditional *jati* occupations. At one level, this is inevitable, since in recent history, the number of *jatis* has not changed, but the modern economy is continuously evolving to give rise to new occupations that have no basis in the *jati* system. Thus, for most modern occupations, there is no *jati* counterpart – e.g. there is no *jati* whose traditional occupation is dentistry or nuclear science. Similarly, several traditional jobs are vanishing because these are redundant in the modern economy. For instance, kahars who traditionally were palanquin-bearers, a practice that is virtually extinct,

---

3 Dalits, meaning the oppressed, is a term of pride used by castes that have been stigmatized by untouchability. Adivasis literally means "indigenous inhabitants", and refers to tribal communities.

would be engaged in other jobs in the modern economy that would be completely dissociated from their traditional occupation.

This has given rise to the widespread belief that the caste system is either dead or irrelevant, substantively speaking, in the sense that it does not affect material outcomes, but merely shapes social or ritual practices. However, in order to examine this claim, it is important to see if the dissociation between *jati* and traditional occupations is due to the fact that traditional occupations themselves are dying, or because there is a total reshuffling of the deck, in that access to different occupations is not at all linked to the *jati*'s position in the caste hierarchy. It turns out that despite the weakening, and in some cases, disappearance of this link, the overlap between caste and status persists. "Polluting" jobs are still done by the castes to which they were traditionally assigned, and on the other end of the scale, there is still wide-spread opposition, for example, to ex-untouchables even entering temples, not to mention the virulent opposition to their becoming priests, a job traditionally associated with the Brahman. This is despite the fact that untouchability has been illegal since the foundation of the Indian republic. Also, if one maps the distribution of broad caste groups across the modern occupational spectrum, it turns out that the upper castes are over-represented in the better-paying, more prestigious jobs and the lower castes are over-represented in the low-paying, less prestigious jobs.

In addition to clearly worse economic outcomes, there is plenty of evidence, summarized in the next section, to suggest that ex-untouchable *jatis* (Dalits) are subjected to a variety of deprivations, discrimination, oppression, violence, exclusion and a stigmatized ethnic identity.

### ***Social Discrimination against Dalits***

Dalits continue to suffer from a "stigmatized ethnic identity" due to their untouchable past and remained mired in corresponding social

backwardness. There is sufficient evidence that amply demonstrates the various aspects of stigmatization, exclusion, rejection and violence that Dalits continue to face in contemporary India<sup>4</sup>. In rural India, despite the breakdown of the traditional subsistence economy, caste continues to make its strong presence felt in many different dimensions. Shah et al (2006) document untouchability in rural India based on the results of an extensive survey carried out over 2001-2002 of 565 villages across 11 states. They find that untouchability is not only present all over rural India, but it has “survived by adapting to new socio-economic realities and taking on new and insidious forms”. Navsarjan (2010) is the latest comprehensive study of untouchability in 1589 villages in Gujarat. It documents 98 types of untouchability practices directed towards Dalits by non-Dalits. These include the well-known forms, such as preventing Dalits from entering temples, but also include a mind-boggling variety of other practices such as Dalits not being allowed to enter the kitchen, even when they are employed as domestic help; or not being allowed to buy or rent houses in non-Dalit residential areas; or public goods such as street lights of municipal taps would not be allocated to parts of the village where Dalits live; or Dalits being required to puff their pipes or cigarettes away from the direction of non-Dalits, so that the latter do not get “defiled” by the smoke; non-Dalit midwives will not offer their services for assisting pregnant Dalit women; the sarpanch (elected head of the village council) is supposed to be the chair of the village council, however, when he is a Dalit, he will sit on the floor while upper castes sit on benches or chairs. Sharma (2012), in a comprehensive empirical analysis of violence against Dalits over the period 2001-2009, finds that violence (murder, arson, destruction of property, rape, assault, bodily harm and so forth) against Dalits increases when MPCE gaps between Dalits and upper castes decrease. This could be due to upper castes feeling threatened, or a reaction to a perceived unsettling of a natural social hierarchy, where Dalits are expected to remain at the bottom of the socio-economic ladder.

---

4 See, for example, Human Rights Watch (1999) for an excellent documentation.

There is another factor that results in gruesome violence against Dalits. This particular aspect arises from the fact that gender plays a critical role in the maintenance of caste purity: ‘the subordination of women was crucial to the development of caste hierarchy, women being subject to increasing constraints the higher the caste in the hierarchy’ (Liddle and Joshi, 1986, p. 50). While inter-caste marriages are not very common, the worst social sanctions are reserved for *pratiloma* marriages (lower caste men marrying upper caste women). Such marriages, as well as others which do not follow the rigid rules of permissible marriages (e.g. same *gotra* marriages), result in a phenomenon called “honour killings”, which is murder in the name of saving family honour<sup>5</sup>. Families of the couples, especially of the woman, are actively involved in the killing, often supported by traditional community/caste courts (for instance, the dreaded *khap* panchayats), which have no legal validity. This is only a small component of the violence and atrocities that Dalits have to face on an everyday basis. Urban India might have fewer overt instances of untouchability, but for a practice that has been outlawed for over six decades, it is remarkably resilient and continues to exist in various forms.

### ***Discrimination against Adivasis***

The designation of tribals or Adivasis as ‘primitive’ is a hangover from colonial practice, and while the original intention was to demarcate aboriginal groups, the term is used in a sense antithetical to the idea of modernity and is stigmatizing. In independent India, of the 500 groups that are designated as Scheduled Tribes, 75 are designated as ‘primitive tribal groups’ (PTGs) based on their racial characteristics, spatial location and habitat. The issue of defining appropriate adivasi rights is complicated, and it is important to recognise the nuances in order to comprehend the multiple ways in which adivasi rights are violated. As Kannabiran (2012) discusses, for nomadic, semi-nomadic, pastoralist

---

5 <http://www.bbc.co.uk/news/10364986>, accessed July 2012; <http://www.honourkilling.in/>, accessed July 2012

tribes and tribes engaged in shifting cultivation, preservation of their distinct lifestyles would mean guaranteeing them freedom to be on the move. Other tribes notified under Schedule V and Schedule VI areas need the guarantee that they would not be evicted from these areas and would be able to pursue traditional livelihoods if they wanted to.

The stigmatisation of tribes began in the early decades of the 20<sup>th</sup> century through a process of which the “primitive” designation was the only one aspect. The Criminal Tribes Act of 1911 enabled local governments to declare any tribe or a class of people a ‘criminal tribe’ and the government could authorise close surveillance and preventive arrests of people from that community<sup>6</sup>. The criminal designation was deeply stigmatising, and even though these tribes have been de-notified, the stigma remains.

The major problem that adivasis face today is dispossession, with the settlement of non-tribals on tribal land and of forced displacement due to large-scale development projects. The issue is not simply of individual displacement. Even when rehabilitation, inadequate as it is, is undertaken, it does not take into account the loss of community and common and shared spaces, which are integral to their lives. Several adivasi-dominated areas are extremely rich in forests and natural resources, and hence attractive to large corporations. The battle over control of these resources, with the state often seen to be supporting corporate interests, is another aspect of the process of disempowerment that deepens the sense of tribal alienation. It is not a coincidence that tribal dominated areas in large parts of the country have been in the throes of an extended Maoist insurgency. The issues involved are complex and difficult to summarise in a few sentences, but existing

---

6 Several nomadic tribes got designated as such, as well as those tribes whose traditional occupations got disrupted with the spread of capitalism (e.g. Koravas, an itinerant trading community, which traded in grain, salt, cattle, bamboo etc between interior districts and coastal areas in the mid-19<sup>th</sup> century, became redundant with the spread of the railways and roads).

research (summarised in Deshpande, 2014) shows that sustained poverty and underdevelopment and a deep sense of tribal alienation provide a fertile ground for the insurgency against the state. Tribals in the north-eastern states (especially those in Assam, Meghalaya, Tripura and Mizoram) are under Schedule VI of the Indian constitution which guarantees them autonomy and considerable powers with respect to framing land use policies. When the rights listed in the constitution are violated or not implemented with seriousness, it leads to suspicion and further alienation and results in conflict.

### **Labour Market Discrimination in the private sector**

There is sufficient evidence to indicate that caste disparities in economic outcomes, for instance, in occupational attainment are neither mainly a hangover from the past, nor are they mainly a result of educational or skill gaps. Thus, members of SC-ST communities will face worse employment outcomes *even if they were similarly qualified as the “Others”*, given discrimination in labour (job) markets<sup>7</sup>.

Average wages for SCs and Others differ across all occupation categories. The question is whether this difference in average wages simply reflects the differences in education and skill levels between the two groups or whether the wage gap persists even after human capital or endowment differences have been accounted for. Also, what needs to be determined is whether labour markets display *job discrimination* (wages differ because the two groups end up in different parts of the job spectrum) or *wage discrimination* (wages differ because members of groups get paid differently in the same job), or both, in which case, which of the two might be more important. Thus, there are studies that have decomposed the wage gap into two components: “explained” (by wage earning characteristics, which include human capital and skill characteristics) and “unexplained” or “discriminatory”: that part

---

7 See, for instance, Madheswaran and Attewell (2007), as well as studies on discrimination reported in Deshpande (2011).

of the wage gap which remains even after all possible wage earning characteristics are accounted for.

It is important to note that the so-called “explained” or non-discriminatory part already contains a discriminatory component. The fact that the two groups enter the job market with substantial differences in education levels indicates “pre-market discrimination”, which means that there are discriminatory factors at work in the formative years that prevent Dalits from acquiring the same quantity and quality of education as the upper castes. There is plenty of evidence which documents the substantial gaps between SCs and “Others” in access to education, quality of education, attitude of teachers, access to resources that could enhance learning and also of active discrimination inside schools (Nambissan, 2007). Hanna and Linden (2009) conducted an experiment to measure discrimination in educational contexts. They ran an exam competition in which children competed for a financial prize. They then changed the cover sheet of the exam randomly and assigned to each sheet “child characteristics” (age, gender and caste), such that there was no systematic relationship between actual performance and characteristics of the child. With these new cover sheets, they gave the exam scripts to school teachers to grade. They found that teachers tended to give scripts marked low-caste and female lower scores compared to those marked high caste and male.

The reason this is called “pre-market” discrimination is that all of this has already occurred by the time individuals are seeking jobs in the labour market. Hypothetically, suppose there is no active labour market discrimination. In that case, all job seekers will get jobs according to their human capital characteristics, subject to demand, of course, in which case too, Dalits will fare worse than the upper castes. However, these disparities will be due to pre-market discrimination. What the decomposition studies find is that labour markets actively discriminate, which means even when the differences in characteristics such as education, skill, occupation, sector etc. are accounted for, there

is a part of the wage gap which cannot be accounted for and could be attributed to discrimination.

The evidence on persistence of caste-based discrimination in rural labour markets is perhaps not as surprising as the evidence from urban job markets, especially in the modern, formal sector employment. This is because individuals are more easily identified by their caste status in rural areas and presumably, are more inclined to pursue caste-based occupations, given the correspondingly lower spread of the modern, formal economy. Caste is supposed to be anonymous in urban settings; identification of caste is difficult, since it is not phenotypically ascriptive. Additionally, urban markets are supposed to respond to “merit” and so even if hypothetically, caste could be identified, it is not supposed to matter.

However, recent evidence on urban labour market discrimination (Madheswaran and Attewell, 2007), based on NSS data from 1983 to 2000, suggests first, that human capital, or skill differences between SCs and non-SCs have been narrowing since the 1980s. Thus, *ceteris paribus*, if urban markets were free of discrimination, wage gaps should be narrower. However, over the same period, raw wage differentials increased overall. Also, the study indicates that SC-ST have lower rate of return to education at all levels, which means that the labour market values the same educational characteristics differently for the two groups. It is job discrimination that turns out to be very important: discrimination operates through occupational segregation. Their results indicate that of the gross wage difference, 24.9 percent is explained by endowment differences (due to the educational and skill level differences, among other things); 18.6 percent by occupational difference (the fact that SCs and Others are concentrated in different parts of the occupational spectrum due to their differential human capital levels); 20.9 percent by wage discrimination (SCs and Others earn different wages for the same job after taking into account their differential characteristics) and 35.4 percent by job discrimination (SCs and Others are concentrated in different parts of the occupational

distribution, for reasons not explained by their human capital characteristics).

In the first major correspondence study in India, Thorat and Attewell (2007), sent out *exactly identical* resumes to private companies, both domestic and MNCs, in response to newspaper advertisements in New Delhi during 2005-06. The only difference in the resumes were the easily identifiable names of applicants and three categories were used: Hindu upper caste, Hindu Dalit, Muslims. So for each job advertisement, several sets (of three identically matched resumes) were sent and the idea was to see how many candidates were called back for an interview. This would only demonstrate the intention to hire on the part of employers, not reveal what the actual hiring would have been. But given that the resumes were exactly the same (including extra-curricular activities) and that the companies had not seen these candidates at all, on paper, there was nothing to distinguish one applicant from another, except their names. If qualifications were the only thing that mattered, then either all the applicants from a given set of resumes would be called back for an interview, or none would be. However, the study revealed significant differences in call-backs between Hindu upper castes and the other two categories. Dalit applicants' chances of a call-back were 0.67 that of Hindu upper castes, whereas Muslims fared even worse with their chances of call-back being 0.33 that of the Hindu upper castes. Siddique (2009) conducted a correspondence study in Chennai during 2006 for jobs posted online which has similar findings. This study sent out two resumes to each job, one with typically high caste names and the second with low caste names. She finds that high caste applicants had a 20 percent higher chance of being called back. Testing for the interaction between caste and gender, she finds that the effect of being low-caste for female applicants reduces the call-back probability by 37 percent.

Both international evidence as well as economic theory suggest that discrimination is compatible with a market economy. There are

studies of hiring practices which emphasise the role of networks and that of informal and personalised recruitment, where “who you know” is often more important than “what you know” (Royster 2003, Deshpande and Newman, 2007). In a college-to-work study, which tried to uncover the exact pathways through which discrimination manifests itself, Deshpande and Newman (2007) tracked a group of students from the three premier Indian universities in Delhi for two years trying to understand what jobs they got, how they got them and what their interview experiences were. It turned out that employers were extremely conscious of the social identity of the applicant, all the while professing deep allegiance only to the “merit” of the candidate.

There is widespread prevalence of personalized recruitment. Employers find this convenient and “efficient”: for them, it minimises recruitment costs, ensures commitment and loyalty, minimises transaction costs of disciplining workers and handling disputes and grievances. Jodhka and Newman (2007), in an employer attitude survey, find that employers, including MNCs, universally use the language of merit. However, managers are blind to the unequal playing field which produces “merit”. Commitment to merit is voiced alongside convictions that merit is distributed by caste and region. Thus, qualities of individuals replaced by stereotypes that at best, will make it harder for a highly qualified job applicant to gain recognition for his/her skills and accomplishments.

In view of the unambiguous evidence on discrimination, AA becomes essential to guarantee representation to Dalits and Adivasis in preferred positions. It should be noted, however, that AA in India, due to the specific forms it takes, is not a complete remedy for discrimination, if not for any other reason than the fact that AA is applicable only to the public sector, whereas the evidence of discrimination is overwhelmingly from the private sector, which is becoming increasingly important in the Indian economy.

## **Affirmative Action in the Private Sector**

Extension of AA to the private sector is an increasingly pressing question, in the wake of liberalisation and privatisation of the Indian economy. The one sphere where Dalits could hope to find respectable employment – the public sector -- is shedding jobs as liberalization puts pressure on government budgets. The growth rate of organised sector employment has been declining between 1997 and 2007. This has happened mainly due to the decline in employment in the public sector. Globalization is creating enormous opportunities for the Indian economy, all of which fall into the private sector. According to Economic Survey of the Government of India (2009-10), employment in establishments covered by the Employment Market Information System of the Ministry of Labour grew at 1.20 per cent per annum during 1983-94, but decelerated to -0.03 per cent per annum during 1994-2007, and this decline was mainly due to a decline in public sector establishments from 1.53 percent in the earlier period to -0.57 per cent in the later period, whereas the private sector showed acceleration in the pace of growth in employment from 0.44 per cent to 1.3 percent per annum (p.275).

High growth rates in corporate India have opened opportunities of the kind rarely seen before and it is common knowledge that the big money is to be made there. The public sector is often seen as a backwater of inefficiency and students, who can manage it, would be flocking to the high technology sector. However, neither the private sector, nor the new fully private educational institutions are inclined to implement quotas. Thus, if affirmative action remains confined to Articles 15(5) and 16 (4), then steady privatisation can, and indeed has, eroded affirmative action significantly.

The Prime Minister of India, Manmohan Singh, set the ball rolling on this question in 2007 by asking if and how affirmative action could be introduced into the private sector. This was followed by another bout of intense public criticism of affirmative action in the media and

by the intellectual class and a re-statement of all the ills that AA is supposed to have brought in its wake. In response, the Confederation of Indian Industries (CII) and the Associated Chamber of Commerce (ASSOCHAM) drafted a set of policies, more as a part of its package of measures designed to ensure “corporate social responsibility”, rather than specifically to implement any kind of affirmative action (defined as specific policies designed to increase representation of under-represented groups).

One of the main questions which arose at the time was “how do we know that Dalits are under-represented in the private sector, or more generally, what their actual representation is?” Since data on caste membership of employees is related only to the needs of the existing affirmative action programme, there is no information on caste membership in sectors where there is no affirmative action. In March 2007, the Department of Industrial Policy and Promotion wrote to India’s three main industrial organizations requesting data on fresh Dalit recruitments made. Apart from CII, the letter was sent to the FICCI (Federation of Indian Chamber of Commerce and Industry), which represents about 443 chambers, associations and member bodies and ASSOCHAM (Associated Chamber of Commerce), with 300 regional chambers covering 250,000 members from every segment of business since 1920.

Several companies and important individuals in the private sector responded favourably to this and agreed to collect information on the caste composition of their workforce. However, the results of this exercise are not publicly available. We report below the figures from a recent manpower survey conducted by the CII. This is not a census of all firms but a survey, so actual figures might vary from the ones reported. This survey finds that in 2010, for instance, on an average 24% of the employees of the surveyed firms in the Eastern Region (Bihar, Orissa, Chhatisgarh, West Bengal and Jharkhand) were SC-ST, with the proportion of SC-ST employees being the highest for blue-collar workers. This proportion is higher than for the

Northern (Delhi, Haryana, Punjab, Himachal Pradesh, Uttar Pradesh, Uttarakhand, Rajasthan, Chandigarh) and the Southern (Karnataka, Andhra Pradesh, Kerala and Tamil Nadu). Proportions from other regions are similar. In the eastern region, according to this survey, presence of SC-ST in senior management of consultancy firms is 3 percent. Thus, even the limited data point to clear exclusion or under-representation of Dalits in the private sector. However, only one percent of the surveyed firms in the eastern region keep data on ethnic composition of the workforce. Of the remaining 94 percent, 93 percent feel there is no need to keep this data and 6% feel that it would be good to have the data. There is no reason to believe that more data would *reverse* this picture. Here we see a classic Catch-22 situation: such measures cannot be implemented until there is data on the social and demographic composition of the employees. And, such data will not be collected for fear of exacerbating caste feelings.

Research shows that Dalit support for affirmative action in both higher education and jobs is unanimous and overwhelming, against the backdrop of discriminatory tendencies and their relative handicaps. At the same time, many (though hardly all) join many of their general category counterparts in arguing that either reservations should be more targeted (toward poor and rural Dalits, rather than second or third generation recipients of quota admissions, who are viewed as an internal “creamy layer”) or that reservations should be coupled with generous financial aid. The search for the “truly disadvantaged” continues in India (as it does in all countries with affirmative action), with complex political agendas in the mix.

### **Dalit Entrepreneurship: an alternative to quotas?**

On India’s Republic Day in 2013 (January 26), when the list of Padma Awardees was announced, two billionaires, Kalpana Saroj and Milind Kamble, featured the list for India’s highest civilian honours. The award was less a celebration of material wealth and more of human

triumph over adversity, as these two awardees rose from a life of crushing poverty and marginalization, and against all odds achieved unprecedented success. They are members of the Dalit Indian Chamber of Commerce and Industry (DICCI), founded on April 14, 2005, the birth anniversary of Dr. B. R. Ambedkar, acknowledged by the DICCI as their “messiah and the intellectual father”. Interestingly, while Ambedkar was responsible for making compensatory discrimination for Dalits mandatory through constitutionally guaranteed quotas in government jobs, the DICCI group rejects job reservation as a means to Dalit emancipation, as they feel quotas have added yet another (negative) stereotype to the Dalits, seen as they are as “the State’s *Jamais*” (sons-in-law of the State). Instead of depending on the State to provide Dalits decent jobs, the DICCI has adopted as its mission statement “be job givers, not job seekers”, exhorting members of the Dalit community in India to become entrepreneurs<sup>8</sup>.

The DICCI focuses on entrepreneurship, as it believes that “Dalit Capitalism” will help Dalits rise to the top of the social pyramid, and will pave the way for the end of the caste system. However, in order to understand the spread of “Dalit Capitalism” it is not enough to focus on the top end of Dalit businesses (the Dalit billionaires), but instead, to investigate the extent and spread of Dalit participation in small businesses, which more accurately reflects the material conditions of millions of Dalits who are not in wage employment. In 2004-5, according to the National Sample Survey, in rural India, 34 percent of SC and 46 percent of ST households were in self-employment (with corresponding urban proportions being 29 and 26).

Deshpande and Sharma (2013) use unit-level data from the registered manufacturing segment of the Third and Fourth rounds of the Indian Micro, Small and Medium Enterprises (MSME) census data for 2001-2 and 2006-7 respectively, to understand the changes in involvement of Dalits, Adivasis and women, in this sector. Our work confirms

---

8 <http://www.dicci.org/about.html>, accessed October 31, 2012

several existing findings, but significantly expands the state of knowledge on this subject by, one, examining how the caste mix of employees varies by the caste of the owner, which enables us to assess the extent of homophily (or more appropriately status homophily<sup>9</sup>), i.e. affinity of owners to hire employees from their own caste groups; two, by examining the gender-caste overlap to understand how gender mediates disparities both across and within caste groups; three, by estimating growth rates and their determinants, including the effect of caste and gender of owner.

### ***Caste and gender of enterprise owners***

There are clear and sharp disparities in ownership by caste. The OBC share in enterprise ownership is roughly equal to their share in the population (41.2 percent), whereas SCs and STs (at 19.7 percent and 8.4 percent of the national population) are significantly under-represented. The under-representation of these two groups is mirrored in the over-representation of “Others” and Hindu upper castes (non-SC-ST-OBC Hindus) which comprised 30.7 and 21.6 percent of the population respectively in 2004-05. Over the two censuses, we find an increase in caste disparity in ownership of manufacturing enterprises: decline in proportions owned by SCs and STs (at 6 and 3 percent respectively in 2006-7)<sup>10</sup>, and a corresponding increase in proportions owned by OBCs and Others (at 40 and 50 percent respectively).

Gender disparities in ownership are sharper, but show a reduction over the two rounds. Female-ownership (enterprises where 51 percent of share capital belongs to a woman) increased from 11.32 percent in 2001-2 to 14.7 percent in 2006-7, whereas female-managed units

---

9 *Status homophily* refers to a phenomenon where the similarity is based on informal, formal or ascribed status, like race, ethnicity, sex, or age, and acquired characteristics like religion, education, occupation, or behavior patterns.

10 These are not very different from the proportions in the unregistered sector: SCs and STs own 7.89 and 3.18 percent respectively, while OBCs and Others own 40.31 and 43.48 percent respectively.

increased from 9.56 to 11.54 percent. Note that all female-managed enterprises are not female-owned: in 2006-7, 88 percent of female-managed enterprises were female-owned, but only 69 percent of female-owned firms were female-managed. Both female-management and female-ownership is higher in rural than in urban areas. This might seem paradoxical at first glance, but it is useful to recall that labour force participation rates (LFPRs) for women also exhibit the same pattern in that rural female LFPRs are higher than urban.

### ***How is production differentiated by caste and gender?***

The top five activities, which collectively account for roughly 62 percent of all registered manufacturing MSMEs, are food products and beverages, apparel, fabricated metal products, furniture and textiles. This overall picture changes somewhat when we differentiate by caste of the owner. Activities dealing with leather – tanning and dressing of leather, manufacture of luggage and footwear – stigmatizing jobs traditionally associated with one of the Dalit castes, are the most important activity for SC manufacturing and these do not appear in the top five activities of any other caste group. However, over the period, the proportion of SC-owned enterprises engaged in leather has shown a decline. Also, leather forms a larger share of urban SC-owned units, compared to rural.

The stigma of untouchability has traditionally kept Dalits out of food-related industries. We find that the proportion of SC-owned firms in food products and beverages is significantly lower than the national average, and that of all other caste groups. However, over the period, this proportion has increased, both in rural and urban areas, and again, proportions are smaller in urban areas compared to rural. To the extent that Dalit participation in leather and exclusion from food are indicators of traditional caste practices, we find some evidence of loosening of these ties, but find that these practices more strongly entrenched in urban compared to rural areas, which is an enigma.

## ***Entrepreneurship or Survival?***

The majority of the MSME workforce is employed in non-SC-ST owned firms. Also, there is evidence of homophily in OBC and upper-caste-owned firms. Thus, the MSME sector, as it stands today, is not a major vehicle for job creation for the Dalits. While it is significant that there is now an emerging section of Dalit entrepreneurs who could be job-givers, we should note that most Dalit businesses occupy a very different place in the production chain, viz., that they are engaged in the bottom-of-the-ladder, low productivity, survival activities, as can be seen from their lower rate of growth, after controlling for other characteristics.

In India, certain castes and communities have traditionally been business communities, and entrepreneurs from these communities start with clear natural advantages in that they possess insider knowledge, know-how and strong business networks passed down through the generations (Damodaran, 2008). In this context, an important channel of social mobility would be the extent to which marginalized groups, whose traditional occupations have not been business-based, have been able to break into established networks and establish themselves as entrepreneurs. While this data set does not have detailed and specific jati information, the evidence suggests that entrepreneurship as a significant vehicle for social mobility for Dalits is yet to become a reality for India.

In a recent op-ed piece, Chandra Bhan Prasad and Milind Kamble<sup>11</sup> (2013) argue that “capital is the surest means to fight caste. In Dalits’ hands, capital becomes an anti-caste weapon...Dalit capitalism is the answer to that regime of discrimination”. We believe that the best site to test the validity of this proposition is the private manufacturing sector. Our analysis of changes in the private manufacturing sector in the era of market-led and globalized development finds that caste

---

11 One of the Padma Awardees.

continues to shape virtually all aspects of production, and capital, so far, is not countering the deep-rooted inequities produced by caste.

The Indian state is often berated for *creating* casteism through reservations, the implicit argument being that outcomes are *not* mediated by caste when the state doesn't intervene to change the castemix of institutions. Until April 2012, there was no systematic policy of compensatory discrimination in the sphere of small business activity, so the outcomes we report could not possibly be caused by state intervention. On the contrary, this picture clearly indicates the need for concerted policy to correct historical caste-based inequalities. The "supplier diversity" initiative of the Madhya Pradesh government in 2002 was one such beginning, but the focus there was on government procurement from SC-ST *suppliers*. The "Public Procurement Policy for MSEs" of 2012 mandates that central government ministries, departments and public sector undertakings should procure minimum of 20 percent of their annual value of goods or services from MSEs and *within this*, 20 percent should be earmarked for SC-ST-owned MSEs, i.e. total 4 percent of the total. Lest we think of this as too radical, note that the Malaysian affirmative action programme directly seeks to redress wealth disparities between Malays and the Chinese by reserving 30 percent of all business ownership to ethnic Malays. The policy of the Indian government is considerably weaker. While we debate the efficiency and efficacy of this policy, we have to be mindful that altering the no-intervention status quo in the private sector would not introduce disparities, but correct them.

### **What could be done in the private sector?**

The preceding discussion highlights the urgent need for some affirmative action measures in the private sector, as it is clear that left to itself, the market economy is not free of discrimination and thus, would produce outcomes which would either exclude Dalits or Adivasis, or would include them on unfavourable terms. For individuals with multiple disadvantaged identities (for instance,

Dalit women), the problem of exclusion or unfavourable inclusion is even greater.

A policy measure that is conceptually easy to administer would be the extension of quotas to private sector jobs. For India, this is administratively complicated, because private sector employees are not expected to disclose their caste status officially. This prevents a caste-wise count of those already in private sector employment and makes it impossible to slot new entrants. Thus, private sector quotas would require a change in the policy for declaring caste, a move likely to fuel additional controversy, over and above the controversy about additional quotas. However, for Nepal where caste data are routinely collected, this could be considered.

A more complicated policy, but one that takes into account intersectionality or multiple axes of disadvantage, is that of increasing diversity in workplaces and educational institutions. With this view, the Indian government's Ministry of Minority Affairs (2008) appointed an expert group to create a Diversity Index (DI) to measure diversity in public spaces, with a focus on education, employment and housing.<sup>12</sup>

Here is how the Diversity Index is conceptualised. To begin with, the DI should measure the gap between the proportion of the group (say, Muslims or women, or Dalits) in an institution and its proportion among the "eligible population." Thus, for a bachelor's degree course, all those who have passed high school constitute the eligible population. This gap would then be calculated as a proportion of the share of the group in the population. The gap could be positive (for over-represented groups) or negative. The DI only takes into account negative gaps, since the idea is to quantify under-representation. There are three broad dimensions across which the DI is calculated separately: caste, religion and gender: and the different numbers are integrated *horizontally* (across the three social categories of caste, religion

---

12 I was privileged to be a member of this group, and thus, was one of the authors of this report that was submitted in 2008.

and gender, using semi-flexible weights, reflecting the needs of the institution) and *vertically* (across the different tiers in an institution, say categories of employees, like managerial, clerical etc., if one were to calculate the DI for the workforce, or categories of students like undergraduate, post graduate, diploma etc. if one were to calculate the DI for students) to yield one single number that is a composite measure of diversity in that institution. The detailed methodology is explained in the report cited in the references.

The next step is to classify institutions (whether public or private) according to whether they have low (DI value between 0 and 1/3), medium (between 1/3 or 2/3) or high (between 2/3 and 1) diversity and repeat this exercise every five years, tied to the cycle of plan allocations by the government.

The idea is to transform this system into action across all institutions in the country, both public and private, by linking the DI of an institution with financial rewards/penalties, such that the exercise of measuring diversity becomes a part of the social ethos. With this aim, the expert group proposed the creation of a *Diversity Commission* at the national level, an autonomous body answerable to the executive. This body (and its corresponding lower level institutions) would have the basic task of evaluating, ranking and publicizing the status of institutions annually in a *Diversity Report*. In addition to financial incentives/penalties, publicizing the status of institutions via this report would provide yet another source of rewards/disincentives, to the extent that institutions value their public reputation.

The proposed DI system has several advantages: it is transparent, includes the major social groups, allows institutions flexibility in choosing weights to be applied to the social groups, is applicable across the board, and makes the target institutions stakeholders in the system by creating a system of financial rewards. It is not rigid and mechanical. However, when this proposal will be operationalised, if at all, is best known to the powers that be.

## **Concluding comments: Rethinking Affirmative Action as a “Quotas Plus” policy**

An examination of the link between inter-caste disparity to state level differences in State Domestic Product (SDP) for different Indian states (as an indicator of how rich the state is) indicates that neither higher growth nor high SDP level alone reduces/ eliminates inter-caste disparity (Deshpande, 2011). Thus, AA in India is essential and in fact, needs stronger implementation. However, in order to increase its efficacy, it has to be less mechanical: provision of quotas should be seen as the beginning of AA, not its end, as is the current practice. A big problem with the AA programme is that there is no monitoring done and indeed, there are no penalties for evading AA. Thus, the mere announcement of quotas is seen as sufficient, and very little attention is paid to outcomes: how many seats get filled, if there are unfilled seats, what might be the problem, what happens after a beneficiary gets in – all these very critical questions hardly receive any consideration by the government. Further, just providing entry into jobs or educational institutions is not sufficient. There have to be supplementary measures that need to be mandatorily incorporated: remedial teaching, counseling and other measures to lower the incidence of drop-outs; skill enhancing programmes and so forth: which would ensure that the benefits of entry into prestigious jobs and educational programmes are fully utilised. To be effective, AA should contain self-liquidating and self-perpetuating features: as AA becomes stronger at entry level, it should be gradually lowered at the later stages. But for this, strict monitoring of outcomes, with penalties for non-compliance are essential. Indeed, B.R.Ambedkar, the chief advocate of quotas in independent India, himself envisaged quotas as a temporary measure designed to create a level playing field, after which they would no longer be needed. He believed that with proper implementation, quotas would be redundant in 10 years.

As with affirmative action programmes the world over, the Indian programme is bitterly opposed by the non-beneficiaries both on

meritocratic arguments as well as on grounds of non/ inadequate performance, elitism, promoting casteism and so forth. Each of these issues has been debated, and it has been suggested that firstly, labour markets in the real world do not function on the basis of first-best, perfectly competitive principles, but are in fact, discriminatory to the detriment of the marginalised groups. Secondly, the Indian programme is only partially successful and perhaps flawed in several ways (e.g. too mechanical, no monitoring, no penalties for non-implementation, no provisions for self-liquidating features), but in the absence of an alternative, comprehensive and clearly articulated alternative (such as *arguably* the diversity index), should be continued. The idea of abolishing quotas can meaningfully be mooted only after they have been implemented in their entirety and have been in place for at least a decade (to follow Ambedkar's original timeline).

Thirdly, there is no evidence in support of the claim that AA lowers productivity or efficiency. As for the charge that affirmative action programmes promote casteism (or racism in other contexts) that they are designed to counter, is a highly insidious and fallacious argument, also not unique to the Indian context. The utterly erroneous assumption this argument makes is that there is no casteism in the absence of affirmative action programmes. If this were true, the material reality of the low-castes would be the opposite of what it is at present and affirmative action would be redundant.

It is worth reiterating the point that was made at the beginning of this lecture. Quotas or preferences are simply means to provide access to privileged positions in society. Preferential policies of any kind, whether quota-based or not, do not touch the basic issue of disparity in wealth distribution. As the Indian economy is privatizing, restricting AA to government jobs and education in India would gradually make it redundant, so must be extended to the private sector. For it to be meaningful, AA should be applicable to the entire economy (for example, as in the USA or Malaysia). Also, while even the suggestion of AA in the private sector is still to take hold in the corporate sector,

there seems to be uncritical acceptance of hereditary reservations in business houses in India.

Finally, “outside the box” measures must be considered that go beyond the scope of the current AA programme: free, compulsory and good quality primary education, provision of basic health and sanitation facilities, adequate nutrition, vigorous expansion of non-farm employment, land reforms wherever feasible, subsidies/support for Dalit business/self employment and establishment of a strong anti-discriminatory framework. Given that scavengers are the most stigmatized of all Dalit communities, an elimination of the degrading practice of manual scavenging, coupled with the building of latrines will not only provide the basis for de-stigmatising a large community, but will also provide significant health benefits. All these measures will benefit a much larger section of Dalits than the current AA programme. The important thing to note is that the existing AA programme and these supplementary measures need not be considered mutually exclusive. They can strengthen and reinforce each other. What is needed is a strong political will to end caste discrimination and reduce caste disparities. Admittedly, there would be costs to all these measures, but the benefits of integrating large sections of nearly 160 million Dalits, unleashing the suppressed reservoir of talent is the need of the hour for the rapidly growing Indian economy.

### 3.

## Discussion Session

The prime objectives of the discussion program are;

- To assess the need of affirmative action in the private sectors as well in addition to government sector, because of fact that private sector is more effectual than government sector in creating opportunities for the citizens.
- To understand the fact that the only dominant caste groups have been occupying the promising jobs and positions in the society and there has been continuous blockage for Dalits to have a stake at the elite groups.
- To understand the discriminations prevalent in job market such as job discriminations, wage discriminations against non-dominant caste.
- To understand the barriers for Dalits to have access into the elite class in the society.
- To analyze the forms of discriminations seen during the recruitment and selection processes in private sectors.
- To understand various types of pre-market discriminations which hinder the capabilities of Dalits to compete and secure prominent positions in private sectors.
- To assess the rationale for Dalit entrepreneurship.

## Day 1

### **Prof. Ashwini Deshpande**

*Department of Economics, Delhi School of Economics,  
University of Delhi*

Affirmative Action and government sectors does not sound as a new concept today but Affirmative Action and Private Sector is a kind of totally new perspective to have the marginalized communities take a bigger leap in the process of ridding them off from the long standing oppression. Affirmative action in the private sector is meant for providing Dalits an access to higher positions in private organizations in a justifiable manner. Quotas should be set aside in big industries and business houses for the capable Dalits. In this manner Dalits would be able to secure their positions in the elite groups which have been remained as a legacy only for the dominant caste groups in the society so far.

### **Dr. Hemant Dawadi**

*Director General of FNCCI*

As a student of Economics and Policy, this issue is new for me. Ethnicity and caste based affirmative action are quite confusing in Nepal. Discrimination prevails in every society, it takes rigourous effort of atleast three generation to get rid of it. About twenty years ago in Nepal, only 6 or 7 percent of the total population were dominant among all caste groups. Now the scenario has changed. Discrimination still exists in the country but the instances of discrimination has largely reduced today. In private sectors there are not much cases of discriminatory activities as compared to other sectors but yet, we need to do more to improve the situation in the industries.

I personally believe in opportunity based on merit and in egalitarian system. Market does not recognize caste and ethnicity. One thing I would like to mention here is that we should encourage Dalit community for entrepreneurship.

## **Dr. Purna Nepali**

Thank you very much for providing me the chance to express few words. First of all, I would like to mention about the Strength of the paper. The strength of paper is the, true approach for the development of Dalit community. However, Inter sectionalist approach would be better which could cover the reality of Dalit community in depth. Focusing only on caste and gender may not be sufficient to capture the inter sections of different identities caste, gender, region and so on. It would be better if the Professor had connected the issue of India with Nepal in more elaborated manner. I would like to request organizer to do further research in such issues in the days ahead.

## **Santosh Pariyar**

Thank you so much to SAMATA foundation and specially to Padam Sir for the privilege provided to me to express myself. Because of equality, I am here on the dais. Thank you very much Professor Deshpande It's nice that you have provided the data and research citations which are extremely beneficial for the academicians. The whole paper is very nice and the context you have mentioned in the paper is also interesting. You have started from discrimination and then slowly led us into the affirmative action, It is the best part of the paper but there are some lacknesses I feel which I would like to mention here. You could include some examples of international practices in your paper, like the instances of affirmative actions in Norway and some European countries where there are successful stories on affirmative actions.

Affirmative action and private sectors are contradictory to each other as privatization itself follows the capitalist philosophy where competition is the key success factor for the survival and growth.

## **Questions**

### **Dr. Tara Lal Shrestha**

I would like to talk about the general perception the non-Dalits have towards dalit community. The caste system in Nepal was entered from

India. Caste based discrimination is a serious issues in Nepal and India. I am very much touched that Prof. Despande have used the term stigma concerning with the issues of dalit community.I would like to share something in context of Nepal. If a person, a non-Dalit is writing or reading about Dalit issues, the person himself is stigmatized by the non-Dalits. The students who get quota through the affirmative action are stigmatized. Media is not serious on Dalit issues. So people are discouraged to write and raise voice on Dalit issues. This is the main problem of the Dalit movement in Nepal.

### **Tirth Shrestha**

If a Dalit is incapable and spends most of their earnings and time for drinking alchohal, do you thing affirmative action alone can help Dalit to uplift their livelihood?

### **Ek Narayan Aryal**

You have mentioned that Dalits are stigmatized and restricted to work in food related industries. My query is on untouchablity.What is the philosophy behind it? What are the features of untouchablity?

### **Sushmita Diyali**

How much do you think the statement of DICCI as "*Dalit Entrepreneurship for generating employment on their own....*", is practical in Nepalese context to uplift the status of Dalits?

### **Shyam Nepal**

I would like to ask Prof. Deshpande that; If the government of Nepal were to discard Affirmative action, what would be the alternative plan with supporters of Affirmative action? There are many Dalits who want to start their own enterprises. They wish to initiate business but the problem is the capital. Dalits are not capable to invest for the

business on their own, and there are no supports from state or no other organizations who could readily provide loans to Dalits. Many Dalits, still today, submit themselves into bonded labor because of the loans. Then the plight of slavery continues from generation to generation. So in such condition how would Dalit's economical condition improve?

### **Sarita Pariyar**

Identity politics is an emerging issue in Nepal, the intellectuals who produce knowledge are not very serious towards caste issues. So how can we deal the identity issues along with caste issues and solve the problem?

### **Nilu Pandey**

My question is regarding to DICCI's statement that Dalit should be a job giver not the job seeker. Is it feasible in the context of Nepal because it is an intricate thing to implement? Is it just an idea or something that has actually started taking some forms in Nepal?

### **Anita Bishankha**

I agree with the statements of Prof. Deshpande that affirmative action should also be in private sector, not only in government sector because it helps Dalits as well as marginalized community to develop their economical condition. So, we have to use affirmative action as an instrument in all the areas where we can intervene and create an enabled environment for Dalit community. For the development of the Dalit community, Nepal as well as India should formulate policies and effective laws to implement affirmative action in private sector.

### **Prem BK**

Getting jobs in private sectors is extremely difficult for Dalits as job market is getting more and more competitive everywhere. Hence there

must be a quota system for employing Dalit candidates in private sector. There are two types of sources of education in Nepal; one is government and another is private schools. Most of the Dalits get educated from the government institutes. Eventually, this results into a pre- market discrimination..In such scenario, how can Dalit graduates compete with non-Dalits and obtain a job in private sector? Hence, there is a need to create a pressure to implement affirmative action in private sector and government needs to come with a firm policy to support it.

### **Prashant Ghimire**

**My query is** what would the impact of affirmative action on quality of products and services in private organizations and how would it ensure a desirable level of quality management in private sectors and who would be the held responsible for the loss if affirmative action affects adversely on quality matters?

### ***Answers***

#### **Dr. Hemant Dawadi**

I am quite new with regard to the topic like affirmative action so I may not be able to clarify many this related to this. I need to study much about the matter, and will do it in the days to come.

I believe in the free market economy and I believe the market is a great equalizer. The state should act to have the provisions for affirmative action, especially at the entry levels in the job markets but having such provisions forever could be detrimental to free market economy. The state should also act to avoid the pre-market discrimination, Enterprises should cease to let job discriminations and wage discriminations happen, if at all those are happening.

## **Prof. Ashwini Deshpande**

I want to say the markets do discriminate. The qualifications and degrees are the indicator of quality and skills but sometimes it become less valuable than social identity and hereditary. Social indicator is highly reflected on hiring employers to job market discrimination.

Fifty years ago in India, it was believed women were not meant to study science and mathematics; they are biologically or genetically different. Now a days, women are doing well in science and mathematics. So idea of hiring Dalits in private sector should not be similarly treated as the way women were treated fifty years back. We did not raise the questions when people come in job through hereditary reservation though there is not any controlling mechanism for hereditary reservation. Affirmative action is a policy to disaggregate the elite because the elite groups are playing main role in decision making and formulation of policy. All decisions are taken by a certain groups. So, desegregating the positions means have an entry of the other community like Dalit as well as marginalized. The positions are elite not the individuals. Affirmative action creates Dalit middle class and when Dalit will establish themselves as a middle class their access will be in decision-making and policy-making level. That's why affirmative action is important for the marginalized community.

### *Vote of Thanks*

## **Ms. Deepti Khakurel**

International IDEA

Respected chair person, honorable speaker Prof. Ashwini Deshpande, distinguished guest Dr. Dawadi and all the distinguished participants thank you for attending this program. It is very encouraging and

motivating lecture on the economics of discrimination and affirmative action. This lecture has have us learned so many things about affirmative action in private sector in India.

I believed that the audience agrees that the Dalit community, despite being 13% of the total population, are still the poorest community in the country. In Nepal, Dalit are mostly engaged in the waged based works. Labor is very common and most popular among Dalits because they are landless and they have no other options.

Likewise most of Dalits depend on traditional occupation as the means of livelihood over the years however these traditional occupations have not yet got the opportunity and sufficient attention to get modernized and industrialized through entrepreneurship. Similarly, we all are aware that Dalit women are more involved in unproductive works in households and at community level and Dalit women are made to work for lesser wages as compared to non Dalit women. Dalits in Nepal, occupy less than 1% of fertile land. This is why they are identified as landless. Dalits both in hills and madhes are in the state of landlessness. In Nepal, land is very important as it is can be seen as eligibility for the loan ownership. It is mandatory in many instances. Availability of loan on the other hand has long term positive impact on uplifting Dalits from their present status. I think, these are the discussions that we should have nowadays. We should talk about the need of revolutionary change in economy of the country. As the political, social and economic revolutions are very important, the social inclusion of Dalit is also equally important In Nepal, inclusion of Dalit and affirmative action in social and political arena has been the key issues since past few years, this was also reflected in the former constituent assembly with encouraging representation of Dalit members. However, the same level of achievement and inclusion of Dalit by affirmative action is not yet seen making this issue as the emerging issues. They must apply affirmative action for Dalit community, as discussed, in terms of quota for higher education, access to start up the business, access to loan and investments may be without collateral, training and

transfer of skills and so on. So today, I take this opportunity to urge the need of affirmative action in the private sector so that the traditional entrepreneurs will get an opportunity to modernize and sustain their entrepreneurship and also applying them in the business and private sectors and bring more innovations in the country and this could be the best way to achieved desire economic revolution in Nepal.

I hope, this program is fruitful in terms of discussing the key opportunity and challenges to ensure affirmative action in the private sector. I hope the audience here have learned a lot from India's experience so as to initiate discussion on inclusion of Dalit in private sector. Again, I would like to thank Prof. Deshpande for kindly accepting our invitation to deliver this valuable lecture. We are very much happy to collaborate with SAMATA foundation to organize this lecture and we would like to thank Dr. Dawadi for his valuable time and his commitment to promote affirmative action in the private sector. Likewise, I would like to give my sincere thanks to all the participants who have come here today and I hope they have something to take away. I would again like to congratulate SAMATA team for organizing this event and making this event successful and I hope you all enjoyed this lecture thank you.

## **Padam Sundas**

Corporate houses of Nepal have started having budgets set aside for the social activities under the heading; corporate social responsibility. This is a good thing on the part of private organizations. The approach of CSR to reach out to the community is a good sign. Affirmative action will be another big step that private sectors could take for the society and the country at large.

Prof. Ashwini Deshpande has delivered wonderful lecture in Indian context which is equally relevant to country like Nepal which has similarity with India in many respects.

The need of decomposition of present elite structure is must. Dalits having a part in elite group is important as the voice of Dalits are to be made vocal by the Dalits only. Dalits are capable if they are given a chance. Similarly members from any other marginalized groups are capable but they need a space where they could prove to be capable. Decomposition of present elite groups and re-composition of the same with the approach of inclusion is the need of today. Private sectors should be aware that diversity in workforce is proven to be better than traditional way of engaging few dominant caste groups only.

We urge the private sectors to understand the need of affirmative action and contribute more for the national level economical development. This is possible only if all have part in prominent and decisive positions in the country.

I heartily thank Prof. Ashwini Deshpande for her enlightening speech and moment she has shared with us. I thank Dr. Dawadi for his kind presence and valuable remarks. Similarly I thank international Idea for the wonderful collaboration. I am thankful to SAMATA board members and colleagues Last but not the least, I thank all the audience here today. Thank you very much..

## *Day 2*

### **14th September 2013**

On, the second day, the lecture was once again delivered by prof. Deshpande in the presence of former CA members and leaders from various political parties. Dr. Sumitra Manandhar Gurung chaired and moderated the session, The lecture was followed by comments from leaders from various political parties and question answer sessions.

## *Comments of leaders from various political parties*

### **Anjana Bishankhe**

Unified Communist Party of Nepal (Maoist)

Our political party have discussed on this issue. We have positive perspective towards affirmative action and private sector. Our party is in agreement with this statement and we are advocating for this but there are some treaties and conventions and international laws which are in line with these issues. There could be many relevant issues yet to be discussed. And linking these issues in the context of globalization could be a challenging part.

### **Jitu Gautam**

CPN (UML) and Chairperson of Mukti Samaj

Nepal is going through interim constitution. Many things have been done for the betterment of Dalit issues. Now a days, issue of marginalized community is being a main agenda in our political party. Our political party is positive for implementation of affirmative action in private sector.

### **Mangal Bishwokarma**

Nepal Communist Party-Maoist

Our political party is serious in issues of Dalit as well as marginalized communities. Our party is lobbying for the full proportional representation in all sectors of Nepal and private sector is also no exception. So, our party and my individual perspective towards affirmative action and private sector is very positive.

## **Jeevan Pariyar**

Nepali Congress

Nepali congress has done so many things to eliminate caste based discrimination in Nepal. So, our party is serious on this issue. Nepali Congress has also a strong statement towards proportion and composition for Dalit community in all sectors of both public and private.

## **Khim Bahadur B.K**

Dalit Development Committee

Politics is the basic policy for all policies so; no one can be not be free from politics. Affirmative action in private sector is a good issue it should be applied in every aspect but we need to be clear to what extent we urge for affirmative action, Should it be upto share holder's level or employees only. The approach will be varying accordingly.

### ***Questions from the participants***

## **Gajadhar Sunar**

Chairmen of DNF

First, we have to eliminate caste based discrimination, then only we will succeed implementing affirmative action in private sector and public sector. As the policies are not being formulated honestly in many sectors and because of the traditional mind-set engrossed with discrimination and the people who are in policy making levels are discriminatory,,they do not plan or allocate budget sufficiently in favor of Dalits, Hence to implement affirmative action in public and private sector in true sense, we should first make the policy makers and the law makers sensitive towards the issues related to caste based discriminations.

## **Santosh Pariyar**

President of Center for Social Science

Affirmative action is essential for social justice and it should be acceptable to all political parties as well as organizations, both private or public.. In this regard, political parties and Dalit sister organizations should take initiatives to include this agenda in their parties and in government and get it institutionalized.

## **Riban Mangrati**

PDRC

When we are talking about private sector, here we need to concentrate on capabilities and competencies of Dalit community. Organization like SAMATA foundation can research further in this issue and provide the the law makers with needful recommendations through the empirical findings. The political parties can accordingly lobby for affirmative action and reservation.

## **Shibraj Bishwokrma**

**Rastriya Dalit Mukti Morcha**

Whem we are not fully successful in implementing affirmative action in public, how we could we be apply affirmative action in private sector? And when we are talking about the Dalit community, we should be aware about the class within the Dalit community.

## **Purna Sing Dayal**

Former CA member CPN (UML)

Dalit community is the symbol of science and technology in a suppressed form due to the societal deprivation.They have been endowed with

the arts and skills. We have demanded that the constitution Assembly should address the matter and formulate the laws to promote the skills of Dalits and foster entrepreneurs and empower Dalits but unfortunately, the constitution assembly got dissolved.

Dalits are not in condition to establish their own business and they are not getting any opportunities because of societal stigma related to caste based discrimination. Affirmative action in public and private sector should be applied and the state should intervene in this issue. Government organizations and Non Government Organizations should emphasize on inclusion of Dalits in each and every possible mechanism of the state.

### **Panch Kumari Pariyar**

I agree with the idea of applying affirmative action in private sector but when we are not quite successful public sector then how could we demand for affirmative action in private sector? The problem of Dalit community should be addressed by the new constitutional assembly. So we all need to focus on making policies strong in favor of Dalit community.

### **Durga Pariyar**

CPN-UML, Former CA member

Affirmative action is essential for the upliftment of Dalit community. Dalit community is economically poor so they can't get quality education and compete in job market. They are victimized by pre-market discrimination. So the state should be responsible for the development of Dalit community educationally, politically, socially and economically.

### *Answers from Prof. Deshpande*

We can raise our voice strongly in international convention and treaties against the discrimination based on work and descent. Affirmative action is not the complete solution to eliminate discrimination but it can be a means for it. In India, political parties were not ready to raise caste issue because they used to think class issues will address caste issue but it is not the reality, caste and class relation is a complex issue and both are important. So nowadays Indian political parties are raising caste issues importantly. It is said caste system is getting minimized in capitalism but still caste system is alive in capitalistic society. So capitalism does not address the caste issue. Generally, we think that capitalism is a field based on true meritocracy but there is no strong mechanism to control meritocracy in private sector job. Before some time the objective of private sector was to make profit as much as they could but now a days the concept is changed. The private sector should be conscious in social responsibility and diversity.

### *Vote of Thanks*

#### **Ms. Leena Rikila Tamang**

International IDEA

Thank you all the distinguished participants and Prof. Aswini Deshpande for her very powerful talk and for introducing this topic, affirmative action in private sector in Nepalese context and holding the discussion in such a inspiring way. I believe, there is much to learn from the experience of India and researches that has been done in these fields. I would like to thank you for introducing and discussing some of the dilemma and challenges which are related to this field. There are two strong messages from her speech, one is that affirmative action does not create caste system but has the potential to correct that and secondly the affirmative action is not only about quota and reservation it is also

about other policies, other measures and addressing discrimination against certain groups. There is a lot private sectors can do about this policy. There is a lot entrepreneurs can do about it and politicians, law makers can do about it, by encouraging and creating the legal framework for it to make it possible.

I do strongly feel that Nepal really cannot afford to lose such a big amount of talent, creativity and work force as it does today by not including whole of the population into economy and private sector. I believe Nepal's economy require number of reforms including modernizing and reviving the traditional occupations of Nepal. I want to thank all the speakers, all of you who have come today and have participated, the leaders from the political parties, civil society, media, students, our professor Deshpande and thank you Dr. Sumitra Manandher for chairing such a discussion in a rigorous way. Thank you SAMATA foundation for taking initiatives for organizing such kind of discussion. Thank you !

## **Dr. Sumitra Manadhar Gurung**

Board member, SAMATA foundation

I thank you all. Affirmative action in private sector is a new subject in Nepal. We can apply affirmative action in every sector like education, skill based training and so on. We should advocate on the matter and we have to create a conducive environment for reforming the existing policies. We have to raise our voice from the all level like government sector, non government sector, individual and academicians. We have to be mentally prepared for inclusion of all community in the development process. We have to appreciate skills and ideas of all. I think, today's discussion is important for all of us. Again, thanks to the participant for participating.

5.

## **Conclusion**

Professor Ashwini Deshpande in her lecture and presentation has unfolded the new avenues for the access for Dalit community into the elite groups by de-segregating current elites who have been disproportionately cornering the fruits of development. The lecture revolved around the causes of non-representation of Dalit in elite circles and the measures to be taken that would help altering the current composition of elite positions; making it genuinely inclusive and a progressive society.

Her lecture highlighted the fact that the private sectors hold a large stake in the development of national economy of a country. In India, government has done substantial work on reservations and allocation of quotas for Dalits in government jobs, schools and universities but however, as far as the private sectors are concerned, Dalits have almost negligible presence at the dignified or decisive positions. Eventually, a large spectrum of marginalized communities will remain to be marginalized in the society.

According to Deshpande, today, the Caste-based-discrimination on non-dominant caste perpetuates in new forms along with the changing societal context. With the ever-changing nature of economy, socio-

culture, technology and legal factors etc. the features of discriminations have also changed.

Along with time, the dominant castes continue to remain as dominant even in the modern world occupying larger section of elite positions. This has kept the people from non-dominant castes always out of the elite circle. Deshpande emphasizes that, unless the private sectors incorporate the concept of Affirmative Action in their policies, current elites continue to enjoy the fruits of development disproportionately.

During the lecture, she explained how Dalit job seekers, face job discriminations, wage discrimination even though Dalits are equally qualified as any other non-Dalits.

Some MNCs in India were under scrutiny and it was found that they carried out unhealthy practices of job discriminations based on caste while recruiting the employees.

Dalits could generally never make it at entry level itself for the jobs at private sectors as their foundations are weak because of the pre-market discriminations they have been facing.

In India the discussions on affirmative action in private sectors have been already given some attention. In 2007, Prime Minister Man Mohan Singh expressed his opinion regarding the scope of suitability of affirmative action in private sector.

The elite Dalits from DICCI like Kalpana Saroj and Milind Kamble have advocated for Dalit entrepreneurship suggesting that Dalits should emerge as job givers rather than job seekers. Deshpande argues that Dalit entrepreneurship can not address the issues of majority of Dalits.

Nepal has many things to learn from India. The discourses like these are very important in Nepal as Nepal is at the verge of formation of Constituent Assembly.

The lecture has been very enlightening and interesting for the all audiences present for the sessions. There was very interactive question answer and comment session followed after the lecture. The presence of former CA members and politicians was quite encouraging. In summary, the lecture has initiated a meaningful discourse in Nepal in a very new topic.

## References

- Damodaran, Harish (2008). *India's New Capitalists: Caste, Business and Industry in a Modern Nation*, Palgrave Macmillan
- Deshpande, Ashwini (2011): “*The Grammar of Caste: Economic Discrimination in Contemporary India*”, Oxford University Press, New Delhi.
- Deshpande, Ashwini. 2013. *Affirmative Action in India*, Oxford India Short Introductions Series, Oxford University Press, New Delhi, March.
- Deshpande, Ashwini (2014): “Deprivation, Caste inequality and the Maoist Conflict in India”, in N.Jayaram (editor), “For Satish Saberwal: essays in historical and comparative studies”, Orient Blackswan, forthcoming.
- Deshpande, Ashwini and Katherine Newman (2007): “Where the path leads: the role of caste in post university employment expectations”, *Economic and Political Weekly*, Vol. 42, No. 41, October 13-October 19
- Deshpande, Ashwini and Smriti Sharma. 2013. “Entrepreneurship or Survival? Caste and Gender of Small Business in India”, *Economic and Political Weekly*, Vol. XLVIII, No. 28, pp. 38-49, July 13, 2013.

Hanna, Rema and Leigh Linden, 2009: “Measuring Discrimination in Education”, National Bureau of Economic Research Working Paper No. 15057

Human Rights Watch (1999): “Broken People: caste violence against India’s untouchables”, New York, Washington, London, Brussels, March.

Jodhka, Surinder and Katherine Newman (2007): “In the name of globalisation”, Economic and Political Weekly, Vol. 42, No. 41, October 13-October 19.

Kannabiran, Kalpana, 2012: “Tools of Justice: Non-discrimination and the Indian Constitution”, Routledge, New Delhi

Liddle, Joanna and Rama Joshi (1986), *Daughters of Independence: Gender, Caste, and Class in India*. New Delhi: Kali for Women; London: Zed Books; Totowa, NJ: US distributor, Biblio Distribution Center.

Madheswaran, S. and Paul Attewell (2007): “Caste Discrimination in the Indian Urban Labour Market: evidence from National Sample Survey”, Economic and Political Weekly, Vol. 42, No. 41, October 13-October 19.

Nambissan, Geetha B. (2010), ‘Exclusion and Discrimination in Schools: Experiences of Dalit Children’, in Sukhadeo Thorat and Katherine S. Newman (eds), *Blocked by Caste: Economic Discrimination in Modern India*, pp. 253–86. New Delhi: Oxford University Press.

Navsarjan Trust (2010): “Understanding Untouchability: a comprehensive study of practices and conditions in 1589 villages”, Robert F. Kennedy Centre for Justice and Human Rights and Navsarjan Trust, Ahmedabad.

Royster, Deirdre 2003. *Race and the Invisible Hand: How White Networks Exclude Black Men from Blue-collar jobs*. Berkeley: University of California Press.

Shah, Ghanshyam, Harsh Mandar, Sukhadeo Thorat, Satish Deshpande, Amita Baviskar (2006): “Untouchability in Rural India”, Sage India, New Delhi.

Sharma, Smriti, 2012: “Hate Crimes in India: An economic analysis of the violence and atrocities against Scheduled Castes and Scheduled Tribes”, Centre for Development Economics Working Paper No. 213, May.

Siddique, Zahra (2009): “Caste Based discrimination: evidence and policy”, Institute for the Study of Labour (IZA).

Thorat, Sukhadeo and Paul Attewell (2007): “Legacy of Social Exclusion”, Economic and Political Weekly, Vol. 42, No. 41, October 13-October 19.



**Ashwini Deshpande** is Professor of Economics at the Delhi School of Economics, University of Delhi, India. Her Ph.D. and early publications have been on the international debt crisis of the 1980s. Subsequently, she has been working on the economics of discrimination and affirmative action issues, with a focus on caste and gender in India, as well as on aspects of the Chinese economy: poverty, inequality, regional disparities and gender discrimination. She has published extensively in leading scholarly journals and has edited several books. She is the author of “Grammar of Caste: economic discrimination in contemporary India”, OUP, 2011 and “Affirmative Action in India”, OUP, Oxford India Short Introductions series, 2013. She received the EXIM Bank award for outstanding dissertation (now called the IEDRA Award) in 1994, and the 2007 VKRV Rao Award for Indian economists under 45.



**SAMATA** foundation

Sanepa, Lalitpur, Nepal  
Phone: +977-1-5520851  
E-mail: [info@samatafoundation.org](mailto:info@samatafoundation.org)  
[www.samatafoundation.org](http://www.samatafoundation.org)



**International IDEA**

Baluwatar-4, Kathmandu, Nepal  
Phone: +977-1-4432846/4435972  
Fax: +977-1-4432846  
E-mail: [info-nepal@idea.int](mailto:info-nepal@idea.int)  
[www.idea.int](http://www.idea.int)