



CASTE, ECONOMY, AND DEVELOPMENT: A CRITICAL PERSPECTIVE ON INCLUSIVE GROWTH IN INDIA

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Abstract:

This paper investigates the enduring intersection of caste and economic development in India, emphasizing how caste-based inequalities persist despite decades of economic growth. Drawing upon interdisciplinary literature, government surveys, and scholarly analyses, it highlights how caste remains an entrenched determinant of access to land, education, employment, credit, and entrepreneurial opportunities. The research critiques neoliberal development paradigms for being caste-blind and underscores the inadequacy of welfare schemes and affirmative action in tackling deep-rooted social stratification. It calls for a transformative shift in policy, advocating for an inclusive growth model that integrates social justice and adopts intersectional frameworks addressing caste, class, and gender. The study emphasizes the importance of structural transformation over symbolic inclusion and redistribution and suggests alternative frameworks such as cooperatives, caste-neutral economic zones, and community-led development models to foster equitable development. A caste-sensitive policy lens, the paper concludes, is essential for ensuring sustainable and inclusive economic growth in India.

Keywords: *Caste, Economic Growth, Inclusive Development, Social Justice, Neoliberalism, Structural Exclusion, Affirmative Action, Caste-Based Discrimination, Economic Stratification, Policy Reform*

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Introduction:

Background:

Caste, as a social institution, has been one of the most enduring forms of stratification in Indian society. Originating from a religious and occupational classification, caste has evolved into a rigid socio-economic structure determining an individual's access to resources, opportunities, and social capital (Dirks, 2001). Despite constitutional efforts to abolish untouchability and promote equality through affirmative action, caste continues to influence the

socio-economic outcomes of millions. In modern India, caste shapes who gets access to education, formal employment, credit, political representation, and healthcare (Deshpande & Ramachandran, 2024). Studies show that caste inequalities persist in both rural and urban contexts. According to data from the National Family Health Survey (NFHS-5), lower caste groups such as Scheduled Castes (SCs), Scheduled Tribes (STs), and Other Backward Classes (OBCs) lag behind in indicators such as literacy, nutritional status, and access to sanitation and drinking water (Sengupta



& Guchhait, 2021). Land ownership patterns remain highly skewed in favor of upper castes, who continue to control a disproportionate share of agricultural and non-agricultural assets (Thorat, 2019). Caste also permeates urban labor markets, where hiring biases and occupational segregation persist (Madheswaran & Attewell, 2007).

International organizations like the UN and Human Rights Watch have highlighted that caste-based discrimination impacts over 260 million people worldwide, particularly in South Asia, where economic mobility is often constrained by caste identity (Munshi, 2019).

Need for the Study:

Inclusive growth is a cornerstone of India's development policy discourse, particularly since the 11th Five-Year Plan (2007-2012), which stressed the need for economic growth that is both rapid and inclusive. However, inclusive growth in India often omits caste as a critical axis of exclusion. Scholars such as Mosse (2018) argue that mainstream development models are "caste-blind," focusing on poverty alleviation without addressing systemic social inequalities. The UN Sustainable Development Goals (SDGs), while emphasizing inclusivity, fail to explicitly recognize caste, despite its centrality to social exclusion in India (Munshi, 2019).

Caste-based stratification also continues to shape economic outcomes post-liberalization. While market reforms since 1991 have increased aggregate GDP, they have often favored those with pre-existing social capital—primarily upper caste individuals (Deshpande, 2011). The benefits of economic reforms have not trickled down to lower caste groups, who continue to be overrepresented in informal labor markets and underrepresented in high-skill, formal sectors (Sengupta & Guchhait, 2021).

Research Aim: This research aims to critically examine how caste affects economic development in

India and to explore frameworks for inclusive growth that address these persistent structural inequalities. The study focuses on identifying the mechanisms through which caste shapes economic outcomes and why current development models have failed to deliver equitable growth. It proposes intersectional policy interventions and community-driven models that challenge existing hierarchies.

Research Questions:

1. How does caste influence access to economic opportunities in India?
2. What are the limitations of current development models in addressing caste-based disparities?
3. What alternative frameworks can promote truly inclusive and equitable growth?

Conceptual Framework:

Caste as a Socio-Economic Construct:

Caste is not merely a social category but a deeply embedded economic institution. The caste system historically assigned occupational roles, relegating lower castes to menial and stigmatized jobs, while reserving administrative and intellectual professions for upper castes (Thorat & Newman, 2010). Despite legal abolishment of caste-based discrimination, informal structures continue to sustain this occupational hierarchy (Deshpande, 2011).

For instance, Thorat (2019) notes that Dalits and Adivasis remain significantly underrepresented in high-paying sectors such as IT, finance, and academia. Even in rural labor markets, caste plays a decisive role in job allocation and wage determination.

Inclusive Growth:

Inclusive growth is defined by the World Bank (2008) as "growth that enables all segments of the population to participate in and benefit from economic expansion." Core elements of inclusive growth include equitable access to education, employment, healthcare, and credit.



However, caste-based disparities remain significant in each of these domains. Lower caste children face higher dropout rates and lower transition rates to higher education (Desai & Kulkarni, 2008). Credit access is often denied or limited for SC/ST entrepreneurs, who rely more on informal lending with exploitative terms (Thorat & Deshpande, 2010).

Caste and the Economy:

Caste is a major determinant of labor market outcomes. Research by Madheswaran and Attewell (2007) finds that caste discrimination accounts for a significant portion of wage differentials in the urban labor market, even after controlling for education and experience. Furthermore, studies by Saxena & Rawat (2018) reveal that marginalized castes are overrepresented in the informal economy, characterized by low wages, job insecurity, and lack of social protection.

Caste also affects entrepreneurship and capital access. Dalits and OBCs face institutional barriers in entering formal markets and acquiring licenses, contracts, or credit. Traditional caste networks further compound this exclusion by monopolizing information and opportunities (Mosse, 2018).

Methodology:

This study employs a qualitative, literature-based methodology, relying on secondary data sources including the National Sample Survey Organisation (NSSO), National Family Health Survey (NFHS), and academic literature. Thematic content analysis is used to identify patterns in caste-based disparities, while comparative analysis traces changes before and after economic liberalization.

Review of Literature:

Caste and Resource Access:

Land reforms in India have had limited success in altering caste-based land ownership patterns. Dalits and STs still own a disproportionately low share of

arable land, which restricts their participation in agrarian capitalism (Deshpande, 2011).

Education remains another site of exclusion. While enrollment has improved, quality and outcomes lag for lower caste groups. Caste-based bullying, lack of support infrastructure, and inadequate teacher training exacerbate dropout rates among SC/ST students (Desai & Kulkarni, 2008).

Access to credit also reflects caste bias. A study by Thorat and Newman (2009) found that bank officers often deny loans to Dalit applicants even when they present identical credentials to upper-caste counterparts.

Policy Interventions and Gaps:

India's affirmative action policies have yielded mixed results. While reservation has improved representation in public sector jobs and higher education, it has not addressed private sector discrimination or the informal economy where most marginalized caste groups are concentrated (Banerjee & Duflo, 2019).

Programs like MGNREGA have provided livelihood support but suffer from implementation bottlenecks, such as delayed wages and caste bias in job allocation (Saxena & Rawat, 2018).

Neoliberal Development and Caste:

The 1991 economic reforms increased privatization and deregulation but did not account for social stratification. Jenkins (2015) argues that neoliberal policies have disproportionately benefited those with pre-existing advantages, which often correlate with upper caste identity. Structural inequalities have been exacerbated by a lack of targeted social policies.

Successful Alternatives:

Cooperatives such as Amul have enabled caste-neutral participation in the dairy industry. Similarly, self-help groups (SHGs), particularly those led by Dalit women, have improved financial inclusion and empowerment (Thorat, 2019).



Caste-neutral economic zones are being explored to ensure fair employment practices and skill development across communities (Desai & Kulkarni, 2008).

Findings and Thematic Analysis:

Theme 1: Economic Stratification Economic stratification by caste persists, as land, capital, and education continue to be unequally distributed. Dalits and tribals remain economically marginalized even in high-growth sectors.

Theme 2: Structural Exclusion Formal institutions such as banks and schools perpetuate caste bias, while informal networks restrict access to capital and jobs for marginalized groups.

Theme 3: Symbolic Inclusion vs Structural Reform Affirmative action has improved visibility but not fundamentally altered caste hierarchies. Marginalized individuals in higher positions often face tokenism and discrimination.

Theme 4: Alternative Frameworks Grassroots initiatives like cooperatives, SHGs, and caste-neutral zones provide scalable models for inclusive development when adequately supported by policy and funding.

Discussion:

Mainstream economic models, rooted in meritocratic ideals, overlook caste-based disadvantage. Neoliberalism, with its emphasis on deregulation and privatization, assumes a level playing field that does not exist. Hence, growth has not translated into equality (Deshpande, 2011).

A justice-based approach to development emphasizes redistribution, structural transformation, and social empowerment. This requires reimagining institutions, building inclusive social networks, and disaggregating data by caste to inform policy.

Conclusion:

Caste remains a critical barrier to inclusive economic development in India. Current development models

have failed to address the structural nature of caste-based exclusion. Only through structural reforms that integrate caste-sensitive planning, inclusive institutions, and equitable access to resources can India hope to realize its goals of inclusive growth.

Recommendations:

Policy Level

- Expand affirmative action to the private sector.
- Implement caste-disaggregated monitoring of all welfare programs.

Academic/Research Level

- Encourage interdisciplinary research on caste and development.
- Fund longitudinal studies to assess the long-term impact of interventions.

Community Level

- Promote SHGs, cooperatives, and caste-neutral economic initiatives.
- Support local governance reforms that include marginalized voices.

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