

THE PERILS OF UNDOING THE FRAMEWORK OF RESERVATION

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'The collective disadvantage experienced by certain groups is unique to each of them, and their specific deprivations require specific resolutions' | Photo Credit: Getty Images/iStockphoto

Early last month, the [Supreme Court of India upheld the 103rd Constitutional Amendment Act](#), which had introduced [10% reservation for the economically weaker sections \(EWS\)](#). The EWS quota and the Court judgment that followed have [shifted the discussion on the legacy of affirmative action](#) based on caste in India.

With this judgment, there seems to be an emergent consensus for a social policy framed on the universal basis of deprivation stemming from economic backwardness. The last two decades of jobless growth and increased economic insecurity have added credence to such demand. However, delegitimising caste as a basis for policy is a monumental mistake with real consequences, given the deepening of wealth inequality on caste lines.

The new consensus, ostensibly rooted in universalism, comes with a claim that every individual, regardless of caste and ethnicity, should get her due in welfare entitlement. While the claim is understandable, it needs to be scrutinised with ground realities. The collective disadvantage experienced by certain groups is unique to each of them, and their specific deprivations require specific resolutions. Contemporary inequalities are not produced in one's lifetime. The group-based differences in economic and social outcome are not due to differential ambition, ability, and effort. They are inheritances. These inherited inequalities — economic, cultural and social capital — are passed on to successive generations. One such site of intergenerational inequality is wealth. Caste mediates transfers of wealth over generations in India. The latest survey, the All India Debt & Investment Survey (AIDIS-2019) released in 2021 shows the trend of deepening caste inequality in wealth in India. AIDIS collects information on physical assets such as land, livestock, buildings, agricultural machinery, and transport equipment, as well as financial assets such as shares, deposits and amount receivable by the household. Wealth is a better measure of economic status than income and consumption. Wealth is a stock variable that takes time to change while income/consumption is a flow variable that alters frequently.

Inequality is broadly found to have risen in India between 1990 and 2020, particularly in the early

2000s. Such a rise has been varied based on the dimension and method one adopts. This is more severe in the case of wealth, followed by income and consumption inequality. The gini index of wealth inequality has gone up from 0.62 in 1992, 0.63 in 2002 and 0.67 in 2012 to 0.68 in 2019. Contrast this with the available consumption figure of 0.37 or income which stands 0.54 in 2012 and you get a better picture.

The average per capita of wealth among the upper castes was 8,03,977 in 2019 as against 4,09,792 for OBCs, 2,28,388 for Dalits and 2,32,349 for tribals. In other words, on average, the upper castes own wealth more than three times of Dalits and twice that of OBCs. They control about 45% of the total wealth in the country followed by OBCs holding 40%, Dalits 10% and Adivasis 5%. The upper castes not only own a larger share of wealth but are also disproportionately concentrated in the top quintile. About 55% wealth in the top quintile is controlled by the upper castes followed by 36% for OBCs, 5% for SCs and 3% for tribals. Contrary to popular perception, it is not income or saving behaviours of individuals that have generated alarming wealth inequality, but it is a product of the long history of institutional exclusion of certain caste groups.

The source of the wealth gap is historical and inherited. If we disaggregate wealth, land and building constitute a large part of it — 60% and 22% respectively, followed by 7% of financial assets. These two components — land and buildings — are largely inherited. The land inequality in particular has a longer history going all the way back to the British colonial era. Colonial intervention which assigned land ownership to some castes at the expense of others continued in post-colonial India. India's truncated land reform did not alter this legacy. The real estate boom post the 1990s further helped those owning land and buildings consolidate their wealth, thanks to increased land value due to speculation. The ratio of private wealth to national income increased from 290% in 1980 to 555% in 2020, estimated to be the fastest increase in the world by the World Inequality Report 2022. This is not surprising as India has zero taxation of wealth and inheritance.

How do we then craft our public policy in this context of such deepening wealth inequality? Can caste-neutral policy arrest this wealth gap? Those who argue for caste-blind policy seem to inadvertently rationalise this inequality. Caste-neutral policies cannot address the historical legacies of inequalities.. They are insufficient to arrest the magnitude of the caste gap in wealth. It is unfortunate that reservations became the singular policy instrument to address caste-based inequality in India. Despite modest achievements in improving access to education, jobs and enhanced earnings, it failed to address structural inequalities.

The caste wealth gap is not just a product of differences in education, jobs, and income but rather an inequality passed from one generation to the next. Hence, an improvement in education and access to jobs alone will not arrest this gap. Undoing the existing framework of reservation — by substituting caste by economic criteria — will not only reverse the modest gains made so far but also deepen structural inequality.

Anxieties over loss of social and cultural status among the middle classes are gaining ground in many countries particularly where some form of affirmative action is in place. In the United States, for instance, the gains brought about by affirmative action for Black Americans received 'White backlash' or 'White rage'; similar has been the anti-reservation vitriol that culminated in introducing the EWS quota in India. Notwithstanding the differences in histories of caste and race, both continue to be durable institutions of inequality. While the legacies of these institutions are incommensurable to each other, the call for colour-blind policies has striking similarities with the debate on caste-neutral policy making in India. More recently, with Donald Trump coming to power, the U.S. has attempted to put a hold on affirmative action. The new government led by Joe Biden has not altered such reversals either.

The degree of inequality in any society is a political choice. Focusing on the past two centuries, Thomas Piketty argues “history of the distribution of wealth has always been deeply political, and it cannot be reduced to purely economic mechanisms”. A just society requires creating a level-playing field, altering the enduring legacy of inherited wealth and caste that block opportunities and life choices.

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