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Does Caste Still Define Disparity? A Look at Inequality in Kerala, India

By ASHWINI DESHPANDE*

Has a constitutional commitment to equalize opportunities across castes since Indian independence (in 1947) resulted in the increasing irrelevance of caste as an indicator of economic disparity? This paper, as a part of a larger project, examines the role of caste affiliation as a descriptor of intergroup disparity. This examination is conducted with the full awareness of the fact that intergroup disparity in India eludes a unique definition; indeed, caste, religion, and region, not to mention class and gender, are some important facets of disparity in India, as the many potent agitations underway in the country testify. I focus on caste in this paper since the government of India, in recognition of caste-based inequalities, has initiated affirmative action as a remedial measure. All states of present-day India have quotas for the Scheduled Castes (SC's) (former untouchable castes, 16–17 percent of the population, identified in a government schedule, hence the name) and the Scheduled Tribes (ST's) (tribes that are socially and economically marginalized, 7–8 percent of population) that imply reserving 22.5 percent of seats in the legislature, government-sponsored educational institutions and public-sector jobs.

I. The Background

The caste system in India is believed to be nearly 3,000 years old. The ancient Hindu society divided the population initially into four (that later grew into five) mutually exclusive, exhaustive, hereditary, endogamous, and occupation-specific *Varnas* (translated into English

as castes). These were the *Brahmins* (priests, teachers), *Kshatriyas* (warriors, royalty), *Vaisyas* (moneylenders, traders), and the *Sudras* (menial jobs) and the *Ati Sudras* (the untouchables, doing the lowest of the menial jobs). Caste affiliation dictated all aspects of a person's existence. The *Varna* hierarchy was relatively straightforward, with the first three tiers clearly considered superior to the last two. It is clear that this organization corresponds to a very rudimentary economy.

As the economy grew more complex, the *Varna* system metamorphosed into the *Jati* (also translated as caste) system, with *jatis* sharing the same basic characteristics of the *varnas*. However, what makes the *jati* hierarchy complex is that (i) *jatis* are not exact subsets of *varnas* and (ii) there is considerable regional variation in the evolution of specific *jatis*. Thus, it is not uncommon for a *jati* to claim a certain *varna* status and for that to be disputed by other *jatis*; or, for a *jati* to be considered “backward” in one state and for the corresponding *jatis* in other states not be so classified.

Since caste divisions are not dichotomous, the exact meaning of caste inequality needs to be outlined. From an economist's standpoint, the job is simplified by the nature of the available data, which divide the population into SC's, ST's, and “Others.” The latter (everyone else) is a very large and heterogenous category and contains castes that are very close to the SC's in terms of social and economic backwardness. Hence, the distance between the SC's and Others would actually understate the gap between the top and the bottom tiers of caste hierarchy.

In previous papers, I have critically discussed the small body of economic literature on caste inequality (Deshpande, 2000b) and attempted to quantify the extent of caste inequality, based on the Demographic and Health Survey (DHS) data by constructing the caste development index (CDI) (Deshpande, 2000a). I used this index to map the regional variation in the extent

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of caste inequality and to define caste disparity as the distance between the CDI for Others and the CDI for SC's. This measure was then used to categorize the 25 states of India into high-, middle-, or low-disparity regions.

II. Why Kerala?

One of the low-disparity regions that is intriguing is the southwestern coastal state of Kerala. Using data from the consumption-expenditure schedule of the National Sample Survey (NSS) of India for 1993–1994, this paper focuses on Kerala for several reasons. It has a long tradition of Hindu social reform movements, which had a strong anti-caste component. This feature is not unique to the state, but in conjunction with other factors that follow, it results in a somewhat unique social outcome. Kerala also has a long and interesting history of working-class and labor movements. The world's first democratically elected socialist government assumed office in 1957 (but was subsequently dismissed by the central government of the Congress party). The state also has a much longer history of affirmative action than some other parts of India. Travancore, a former princely state, now a part of modern day Kerala, reserved jobs for the "untouchables" as far back as in 1915, under the British rule.

Kerala is the first state in the union of India to have achieved complete literacy. Indeed, the state boasts of substantial achievements in the spheres of education, health, and general social welfare. Given that Kerala's achievements in the social sphere are much higher than are indicated by the level of its domestic product, its development experience has inspired the formulation of the "Kerala model," which is supposed to illustrate the role of public action in providing for social goods and services even at low levels of economic growth. This model has been celebrated as an alternative to the high-economic-growth models, both on grounds of sustainability and for defining a holistic view of quality of life that goes beyond mere material progress.¹

Given this unique social and political history, and with the strong anti-caste emphasis of the

left movement, combined with a vigorous land-reform agenda, *prima facie*, Kerala appears to fulfill several of the conditions that would be needed to break the stranglehold of caste.² The analysis with the DHS data in Deshpande (2000a) suggests that caste disparity in Kerala is indeed significantly lower than in other parts of India. The larger project, of which this paper is one part, would be an all-India exercise with the NSS data to see if the NSS data corroborate the findings from the DHS data set. For now, I will focus on indicators of inequality from Kerala alone.

III. The Data and the Findings

The data used for this paper are from the 50th round, Schedule 1, of the National Sample Survey (NSS) Organisation of India. This schedule surveys household-consumption expenditure from July 1993 to June 1994 for all the states in India. The findings reported in this paper are from the state of Kerala only. The complete household expenditure survey covers all types of expenditure that a household can incur. In this paper, I focus on two of the three basic survival expenditures, food and clothing, to get an idea of the disparity at the most basic level.³

Following the excellent discussion by Angus Deaton (1997), for developing countries, there is considerable merit in focusing on consumption expenditure, rather than on income, when trying to gauge standards of living. Briefly, households are both consumption and production units, and from the point of view of an enquiry into living standards, this would mean separating the production and consumption accounts of the household. This would be both complicated and artificial, since the households themselves would have no reason to make this distinction. Focusing on consumption gives a direct insight into living standards that would

¹ For a critical discussion of the model, see Thomas T. M. Isaac and Michael P. K. Tharakan (1995).

² In earlier papers, Deshpande (2000a, b), I discuss the role of land-ownership in perpetuating caste-based structural disparity and the regional variation in this pattern. The discussion of the caste development index also suggests that land disparity makes up a large part of the overall caste disparity. It follows, therefore, that regions with lower land disparity, *ceteris paribus*, would have lower overall disparity.

³ The larger project will extend this exercise to include all items of consumption.

also include health care, education, and food, as well as public goods and their contribution to welfare.

The survey data are reported separately for rural and urban areas, and the findings reported below will follow the same division. In the interest of brevity, I am reporting the rural findings first, followed by the corresponding urban figures in parentheses, except where I am explicitly discussing a comparison. The survey covered 2,483 rural (1,754 urban) households. Broken down into caste groups as discussed above, there were 218 (86) SC, 37 (16) ST, and 2,227 (1652) Other households. The mean household size was 4.36 (4.99) for SC, 4.23 (3.58) for ST, and 4.64 (4.43) for Other households. The effect of land reforms shows up in the overall low mean landholding size and relative equality in rural areas. Urban areas show more pronounced disparity in landholding, with the mean landholding for Others being nearly twice that of SC's. The difference in education levels is pronounced, despite universal literacy. The mean education level of rural household heads for SC's and ST's is found to be in the "literate, but below primary" category; for Others it falls in the "between primary and middle school" levels. For urban household heads, the ST category showed the maximum education level ("between middle and high school"), whereas the SC's and Others were in the same category as their rural counterparts, although toward higher ends of the categories.

The mean rural food expenditure (rupees per month per household) displays marked intercaste disparity, with that for SC's being at the lowest at 998.66 rupees (1261.2 rupees, urban), with corresponding expenditures of 1091.11 rupees (1558.83 rupees, urban) by ST's, 1276.36 rupees (1366.04 rupees, urban) by Others.⁴ Before proceeding further, it may be worth noting that the sample contains only 16 urban ST households, a far lower number than any of the other categories. Therefore, the comparatively high standard-of-living indicators for urban ST's could partly be due to the outlier effect.

⁴ Food expenditure includes expenditures on all types of food and beverages as well as tobacco, intoxicants, and pan (a green leaf that is chewed, typically after meals and may contain addictive substances), and expenditures on total fuel and light used in the consumption of food and drink.

The range in the mean food expenditure (a crude indicator of within-group inequality), is much higher in the Others category than in the SC and ST categories (more than three times higher than the SC range for rural households and about 2.5 times higher for urban households). The implications of this will be discussed in the following section. The clothing expenditure follows the same pattern, except that the absolute numbers are larger than those for food consumption.

Intercaste disparity comes across sharply when the population is divided into quartiles and food expenditure, clothing expenditure, land-holding, and educational level of household heads are separately cross-tabulated with caste. For each of these cross-tabulations, the proportions of SC and ST households in the two quartiles below the median are generally higher than the Others. This pattern reverses for the upper two quartiles, where the proportion of Others is much higher than those of SC and ST households.

IV. Between-Group versus Within-Group Disparity: The Theil Index

Overall inequality in a society, divided into groups, can be seen as a combination of between-group and within-group disparities.⁵ Although the Theil index is typically discussed with respect to income or wage shares, I have tried to calculate the index for household expenditure on food and clothing.

Assume that individuals are grouped into m mutually exclusive and completely exhaustive groups, g_1, \dots, g_m , each with n_j individuals. Let R_j be the ratio of the mean expenditure for the j th group to the mean expenditure (on food and clothing) for the entire population and let p_j be the j th group's population share. Then, overall inequality can be represented as follows:

$$(1) \quad T = \sum_{j=1}^m p_j R_j \log R_j + \sum_{j=1}^m p_j R_j T_j$$

$$(2) \quad T_j \equiv \frac{1}{n_j} \sum_{i \in g_j} r_i \log r_i$$

⁵ See William Darity and Deshpande (2000) for a fuller exposition.

where $i \in g_j$ indicates that T_j is generated by summing over all persons comprising group j , and r_i is the ratio of individual expenditure to mean expenditure for group j .

Following Darity and Deshpande (1999), the first term on the right-hand side of (1) can be interpreted to represent the extent of between-group inequality across all ethnic/racial groups in the population. The second term could be seen as representing the extent of *within-group* inequality across all ethnic/racial groups in the population. Here, T_j is the group-specific Theil index measure, defined in (2).

For this data set, $m = 3$, and the equation takes the following values for rural Kerala:

$$T = [-0.022 + (-0.001) + 0.027] \\ + [0.012 + 0.001 + 0.382] = 0.399$$

with the first term for SC, the second term for ST, and the third term for Other households. The values in the first set of square brackets are the measures of between-group inequality (relative to the population means), and the terms in the second set of square brackets are the within-group inequality measures. For urban Kerala, the corresponding equation is

$$T = [-0.007 + 0.004 + 0.004] \\ + [0.009 + 0.001 + 0.333] = 0.344.$$

These calculations indicate that, first, given the bounds of the Theil index, the overall level of inequality is not on the higher end for Kerala. Second, looking at the second set of terms, it is clear that the problem of within-group disparity is much sharper in the Others category than either in the SC or in the ST category. This is significant in view of the discussion about a "creamy layer," which refers to the phenomenon of a relatively small group disproportionately cornering all the benefits of affirmative

action and in the process accentuating within-group disparity. The calculations in this paper indicate that, if any group has to worry about a "creamy layer," it is the Others group.

V. Concluding Comments

Nearly 50 years after Indian independence in 1947, the calculations with NSS data for 1993–1994 reveal that, even in a relatively egalitarian state like Kerala, intercaste disparity continues to underlie overall disparity. The cross-tabulations, both for rural and for urban areas, on food expenditure, clothing expenditure, land-holding, and education levels of heads of household indicate substantial intercaste disparity between the SC/ST population compared to the Other population. The calculations with the Theil index suggest a low to medium level of overall inequality and also suggest that the existence of an elite group, or upper class, is much more pronounced in the Others category than it is in the SC or ST category.

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