

# CASTE BASED LABOUR MARKET DISCRIMINATION IN RURAL INDIA

## A Comparative Analysis of some Developed and Underdeveloped States

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### Introduction:

The Indian caste system is historically diversified with the class, occupation, religion, language. Due to caste-based society prevails that binding the specific caste or groups people on the access of societal and political benefit used by the common men from the society. This process continuously progresses or passes from one generation to another generation, which ultimately creates the fragmented society. So the caste system in India is determined what will be the occupation of the specific groups, not his individual skill or education. The vulnerable section of people has not diversified their occupation as their preference. That indicates the person's caste will determine what he/she will be done and what will be his/her occupation. So the caste-based division of society generates negative outcomes of productivity of labour markets. The caste based society ultimately create the unequal or inequality in the society on every aspect of the economic as well as political sphere. Through the process of caste-based occupation, the society becomes high and low in the form of income, education, the share of political participation, health facility access. The socialist economy like India, the individual characters do not determine the access to any job rather than his caste will determine the work of the groups. Due to caste-based or groups based discrimination exit in the society, they are not free from the trap of poverty. The generation by generation the poverty is attached to these people. Due to caste-based social exclusion in the lower caste, they are forced to live or stay on their caste-based business/occupation<sup>1</sup>. This type occupation passed from one generation to another and the individual capabilities are not able to uplift their status from caste-based occupation. Although the changes of caste-based occupation it varies in states to states as on the changes of governmental steps. But still, the large poor section of people belongs to lower caste. The higher caste has a preference to choose the profession or work, rather than whatever his caste, but in lower caste people are not free from the *societal trap*. This trap further dumps these people to live in the lower position of the society in all economic and political sphere.

The caste system of Indian labour market division the labour occupation and this occupation will determine the social and political status in the society (Das and Dutta, 2007). The vulnerable section or groups people of the society will pass the 'vicious circle of poverty' due to the societal boundaries. The rural labour market is controlled by some elite higher caste people, who determine the wages of this area as focus on how labour emerge from different caste groups. In the rural labour market, some poor states wages are not determined by the economic theory of labour supply and labour demand, it is determined by the caste-wise working population and status of the common people<sup>2</sup>. The employment or engagement basis lower caste are working in the informal sectors. Due to the lower caste not able to entry into the formal sector job and higher caste easily find the social security based job and a good remuneration, the gap between high and low caste increases. So the lower caste people become poor and poorer and higher caste is rich and

<sup>1</sup> The study of some states like West Bengal, Odisha, Jharkhand, the lower caste people belong to live in the specific place, which is out of the village or one side of the village. A lower caste people not able to stay in the middle position of the village. Some lower sub-caste of Scheduled Caste groups like., Dhoba, Domo, Kela are attached with their parental occupation. The children of these family are also start working on the help of their parent and it slowly the other family member will doing the business. The generation by generation these people attached with their *Jati Beusa* (i.e., caste based-business). The poor parent thinks the economic benefit from the children in the current period is more than to send his children to school. So the, lower caste education status of the society is very less in compared to higher caste.

<sup>2</sup> Which indicate if the society is belong to the large section of poor people, then the employer are not raise the wage rate for the specific work as before. Because the higher caste or the some rich caste people known the poor people living standard. If the poor people not work in the current wage rate they have to stay in hunger.

richer. Which indirectly affect the access to education for poor lower caste people and poverty enclosed in these section of people for a long period of time.

The change in labour flexibly in informal sector on the employment of employer point of views varies as per as the requirement on the sector. The way and process of employment change from time to time in the economy. The labour flexibly occurs independently as per as the labour employment function like employment, work time, wage rate etc. The labour market functions not only rule and legal restriction but also social identities. The labour flexibility has been increased as per as the employer preference rather than the rules in all countries almost all countries but it is different in various form and changes different rates (Srivastava, 2016).

The inequality in the employment and wage rate of the different countries varies according to the state policy and supply and demand of labour market. The trend of change in employment and demographic changes in India and Brazil changes as per as the own shape, but the inequality rise in India whereas it falls in Brazil after the 1980s. This indicates the labour market employment varies on the identities basis of some groups rather than universally change in India but it is not seen in Brazil (Rodgers, 2016).

The system of caste-based grading the societies is not new, it is a very old notion of the name of the occupation<sup>3</sup> of the people. This system is work still in the village level of the different states. But the way of discrimination is change on the different angle. The dominant caste of the village belongs to higher caste not discriminate directly the lower caste rather than want to see the society must be stay on graded on the name of caste. In Orissa, the dominant caste still holds their power on the determination of any decision in the villages. They still control the wage rate and working hour of the labour market (et., Sharma 1994).

The segmented market theory explains the societal institutional rule and regulation, which is the core of labour market in the caste-based society. The caste based discrimination arises on access to job, payment, the condition of working on an equal labour force (Piore, 1983). In that society, the wages of the people will be determined by the caste he belongs to. This creates the problem of optimal outcomes of the labour markets.

## 2. Objectives of the Study:

The present paper would focus on the caste-based discrimination in rural labour markets in comparisons of some developed states and some underdeveloped states of the country. The developed and undeveloped will be categories on the criteria some indicator like literacy rate, per capita income and human development rank<sup>4</sup> (based on both income basis and expenditure basis). The paper is divided into the five sections, the first introduction apart with the changes of societal rule and regulation and effect on the labour market. The second part analyses methodology and major data sources with the selection of states. The third part focus on the access to different activities as per as the caste-wise of the respective state. Which focuses on the unequal access to assets and variation with the changes of some assets on the status of the respective groups. The fourth part studies the sources of discrimination on the groups of access to various determinants as an unexplained indicator. The final section covers the conclusion and policy implications. The paper focuses on the various aspects of the discrimination of an individual in the name of caste rather than his skill and education. Which is the main problem of the developed states like in Kerala, Tamil Nadu, Haryana, Maharashtra? The society is graded on the basis of societal boundaries and it is the extent of a long time for the country. People are deprived on the basis of the origin rather than what he/she belongs to work. The study focuses on the objectives

- i. To study the caste-wise composition of workers working in different sector rural labour market in the developed states and underdeveloped states.
- ii. To analyse the proportion distribution of workers as a casual labour in agriculture and non-agriculture. Like in primary sector how many workers engaged on self-employed in agriculture, self-employed in non-agriculture, regular wage earner, casual labour.
- iii. To find the average wages of both of casual labour in agriculture and non-agriculture on the social group's basis in respect to their educational status (i.e., the variation of wages developed states from UD sates as endowment and unexplained effect).

<sup>3</sup> The states like West Bengal, Odisha, Bihar, Jharkhand people are called on the name of occupation. Their occupation will determine what is the caste. The caste based people hold their hereditary occupation called *Kaulika Bruti*. So on the name of their occupation they are still oppressed and discriminate although they are leave the occupation still date.

<sup>4</sup> See detail for the appendix table 1.

**Table 1. Some Economic indicator of developed states and underdeveloped states.**

Indicator	Developed States			INDIA	Underdeveloped States		
	Kerala	MH	TN		Bihar	Odisha	MP
Literacy	93.91	82.91	80.33	<b>74.04</b>	63.82	73.45	70.63
Per Capita Income*(Rs)	1,55,006	1,52,853	1,46,503	<b>88,533</b>	33,954	71,184	63,323
HDI based on Income	0.910	0.665	0.666	<b>0.608</b>	0.536	0.556	0.556
HDI based on consumption expenditure	0.790	0.572	0.57	<b>0.513</b>	0.367	0.362	0.375

Sources: Census of India, 2011, Reserve Bank of India, 2007-08. \*Per Capita Income (PCI) 2014-15 based on current prices which are called as Nominal State Gross Domestic Product (SGDP).

The study focuses on six states from Indian states and it is selecting on the ground of four indicators. Three states are select from developed states and three from underdeveloped states. Apart from of the four indicators, the paper more focuses on literacy rate than another indicator. The main of the study is to find whereas the literacy rate higher states, labour is getting lower wage than the market wage rate apart from of some other indicator as equal. Like in Kerala and Tamil Nadu, labour is more educated and engaged in most of the time in the informal economy. But states like Bihar, Odisha, Madhya Pradesh literacy rate is less in rural labour. The most of the casual labour engaged in casual labour and some are self-employed. Self-employed on the basis of agriculture and non-agricultural work. On self-employed in agriculture labour in rural areas is particularly known as a *leasing-in land farmer*. Which indicates these farmers are landless but they cultivate the land on taking from leasing-in way from the landlord. They are bound to cultivate the land in a leasing-in way for their family requirement. The categories of the states on the different indicator are explained in the Table 1. Which is indicate the literacy rate on the census of 2011 and per capita income of states in 2007-08. The value of human development calculated on the two ground one is from income and another from consumption expenditure. The proportion of social groups wise population across the caste of these six states explains in Table 2.

**Table 2. The proportion of Population across the Social Groups in six major states on 2011 census.**

Social Groups	Developed States			INDIA	Backward States		
	Kerala	Maharashtra	Tamil Nadu		Bihar	Odisha	Madhya Pradesh
SC	9.10	11.81	20.01	<b>16.63</b>	16.01	17.13	15.62
ST	1.45	9.35	1.10	<b>8.61</b>	1.28	22.85	21.09
Other*	89.45	78.83	78.89	<b>74.75</b>	82.71	60.02	63.29
Total	100	100	100	<b>100</b>	100	100	100

Sources: Population Census Abstract, 2011. Note: \* indicate Other include Other Backward Caste (OBCs)

As per as the Census of 2011, in all states the proportion of scheduled caste population increase than the proportion of the scheduled population. But in the growth higher caste population faster than the other two groups. The caste based composition of population indicates that except Odisha and Madhya Pradesh, all other states more than 75 per cent of the population belongs to a higher caste<sup>5</sup>. The economically backward states hold the share of SCs/STs more than other states like in Odisha and Madhya Pradesh composed around 40 per cent and 36 per cent respectively. In Kerala, less than 10 per cent of the population belongs to SCs/STs. The poor states of India, hold the large section of the population in socially backward caste groups and they are economically backwards also. The causes of underdeveloped also may be due to the unskilled and uneducated people for this groups. The caste wise people lived in urban and rural areas of six major states explained in table 3. In the developed state, Kerala whereas around 95 per cent STs and 80 per

<sup>5</sup> It include the Other Backward Caste (OBCs) also. So in the share varies as compare to other groups. The share of OBCs groups in Other categories share more than fifty percent. So in the actual term maximum people come under the OBCs groups rather than the Other groups. Around 41 percent of Indian population belong to OBCs as per as NSSO and rest i.e., around 30 percent come under Others caste or economically advanced caste.

cent of SCs lived in rural areas. Although in MH and TN less than sixty per cent lived in rural areas among the social groups more than 78 per cent of STs lived in rural areas.

In the UD states like Bihar, Odisha and MP where more than 90 per cent of STs lived in rural areas as compared to SCs 93 per cent, 85 per cent and 77 per cent respectively to states.

**Table 3. Caste wise people lived in Rural areas of Six Major states in 2011-12.**

Name of States	STs	SCs	OBCs	Others	All Caste
Kerala	94.49	79.50	72.41	71.63	73.04
Maharashtra	79.50	53.24	60.73	44.64	54.45
Tamil Nadu	78.71	67.07	52.87	29.18	55.40
<b>India</b>	<b>88.76</b>	<b>78.05</b>	<b>72.87</b>	<b>58.59</b>	<b>71.16</b>
Bihar	90.61	92.76	90.17	88.45	90.33
Odisha	93.87	84.51	89.52	71.81	85.32
Madhya Pradesh	92.48	77.09	72.76	54.19	74.51

Sources: unit level data from the 68th round of NSSO, 2011-12. Note: SC-Scheduled Caste, ST-Scheduled Tribes, OBC-Other Backward Caste

### 3. Data Sources and Methodology:

The study focus on the rural areas of some advanced states and backward states. In this paper, the various labour market discrimination on the caste basis has been measured from unit level data of household of the 68th round of NSSO on *Employment and Unemployment Situation in India, 2011-12*. The category of a worker (on the age of 15-59 years) on the basis of employment and their education stats will be discussed in the paper. The study also distinguished between the social group's wise wage difference. The discrimination measured on the basis of two ground; First, study the wage difference other indicator remaining same and second, other than how the deprived groups are engaged in the different sector on an employment basis.

To determine the wage gap between rich states and poor states of the labour market on a caste basis. In contrary, to study whether the education or skill difference will create the gap between wages of labour? What is the cause of wage difference in the equitable labour market in the both developed states and underdeveloped states? What is the prime factor which more effect on the wage of poor people likes, education, age, sex, land ownership? The state-wise poverty of the backward and advanced states of caste basis will be analyzed.

Whether the advanced state's workers are getting lower wages are due to other than caste matter or due to caste, they are getting fewer wages. If they (lower caste) are getting lower wages in compared to higher caste due to the differences in human capabilities, like education, skill, and experience, then study how much or percentage of change in the human capabilities factor influence the wage of the workers. The inequality of access to land ownership in the rural household as per as the social groups. To study the variation of wages in backward states and advanced states on the land ownership among the social groups.

#### **Methodology:**

The study measures the wage gap and other than wage gap, which is measured through the use of Decomposition Method (Blinder and Oaxaca, 1973). So the '*Blinder-Oaxaca decomposition Method*' is more useful on the econometrically measuring labour market discrimination. Apart from showing different percentage share of various social groups and their respective job, we try to estimates the mean wage gap across the social groups in the rural area. Generally, we know that the person with higher educated or human capital getting more wages than the person with lower educated. This wage difference in the labour market is called *endowment differences* or *explained differences*. But in the discriminatory labour market, this wage gap arises due to differences in perceptions about the person belonging to different castes, religions, sex etc. This type of discrimination arises by the employers on the basis of biases. Which indicates the two effect for the measurement of inequality on social groups of wages for the rural labour markets. These differences are termed as *treatment differences* or *unexplained differences*. So the decomposition enables the separation of wage differentials into one part that can be explained by the differences in individual characteristics and another part that can't be explained by differences in individual characteristics. In the absence of labour market discrimination, the Non-SCs and SCs wage differential

would occur due to 'pure productivity differences' i.e., due to SCs are less educated, less skilled etc. So the gross wage different emerge due to productivity differences.

In the presence of discrimination on the basis of caste, gender, religion wages difference is measured by gross wage difference. So there is market discrimination exists due to social factor rather than an economic factor. So the gross wage difference can be defined as:

$$G = (W_{nsc}-W_{sc})/W_{sc} , => W_{nsc}/W_{sc} - W_{sc}/W_{sc} =>W_{nsc}/W_{sc}-1 \text{ ----- (i)}$$

Where, G- Gross wage differential due to 'labour market discrimination' i.e., caste, religious. W<sub>nsc</sub>- Wages for Higher castes or Non-SCs groups, W<sub>sc</sub>- Wages for Lower castes or SCs groups.

On the other hand in the absence of labour market discrimination, the Non-SCs and SCs wage differential would occur due to 'pure productivity differences' i.e., due to SCs are less educated, less skilled etc. So in the absence of market discrimination, gross wage different emerge due to productivity differences like:

$$Q = (W^0_{nsc}-W^0_{sc})/W^0_{sc} ,=> W^0_{nsc}/( W^0_{sc} ) - W^0_{sc}/( W^0_{sc} ) =>W^0_{nsc}/W^0_{sc}-1 \text{ ----- (ii)}$$

Where, Q- Gross wage differential due to 'productive differences i.e., lower skilled worker get obviously lower wages than skilled/ educated labours but no any market discrimination. W<sup>0</sup><sub>nsc</sub>- wages of higher castes or Non-SCs in the 'absence of market discrimination'; W<sup>0</sup><sub>sc</sub>- wages of lower castes or SCs in the 'absence of market discrimination'. Now the market discrimination coefficient<sup>6</sup> (D) is then defined as the proportion differences between G+1 and Q+1.

**4. Caste-based employment in six states:** This section describes the social group's wise inequality in six states. Which is indicate the disparity among the developed states and underdeveloped states, in the caste-based composition. The occupation-based on the individual of the six states explain in Table 4. Indian economy is agro-based economy rather than an industrial economy.

**Table 4. Social group wise percentage of workers depend/engaged in three sectors in 2011-12 across the occupation in rural areas.**

Social Groups	Sector-wise occupation	Developed States			India	Backward States		
		Kerala	Maharashtra	Tamil Nadu		Bihar	Orissa	Madhya Pradesh
Scheduled Tribes	Primary	50.73	78.83	81.30	<b>72.44</b>	68.76	67.51	77.55
	Secondary	27.97	13.48	12.18	<b>17.04</b>	25.94	22.18	16.40
	Tertiary	21.29	7.69	6.51	<b>10.52</b>	5.29	10.30	6.05
Scheduled Caste	Primary	29.98	70.82	61.17	<b>54.04</b>	65.41	52.11	52.03
	Secondary	48.73	13.40	24.44	<b>29.16</b>	18.97	27.74	34.44
	Tertiary	21.29	15.79	14.38	<b>16.80</b>	15.62	20.14	13.53
Other Backward Caste	Primary	24.91	65.78	50.60	<b>60.68</b>	66.85	54.92	72.83
	Secondary	33.78	15.33	25.34	<b>19.62</b>	14.80	23.90	15.15
	Tertiary	41.31	18.89	24.05	<b>19.71</b>	18.35	21.18	12.02
Others	Primary	34.95	67.91	29.14	<b>57.52</b>	60.88	51.39	65.27
	Secondary	21.88	13.07	35.82	<b>16.95</b>	10.99	17.57	9.35
	Tertiary	43.17	19.02	35.04	<b>25.54</b>	28.13	31.05	25.38
All	Primary	28.24	68.85	53.39	<b>59.83</b>	65.53	56.73	69.60
	Secondary	32.42	14.01	25.05	<b>20.66</b>	15.00	23.02	17.79
	Tertiary	39.35	17.15	21.55	<b>19.51</b>	19.47	20.25	12.61

Sources: unit level data from the 68th round of NSSO, 2011-12. Note age groups 15-59 years old. Summation of three sectors is hundreds.

The large section of the population depends on the primary sector and it is slowly forward through to tertiary sector and industry sector in compared to previous year. Among the three advanced states Maharashtra, major population depend on agriculture or primary sector, but Kerala the large section of the population engaged in the tertiary sector than other two sectors. Like that in Tamil Nadu, the share is proportionally around equal to the employment. All the backward states their composition of employment

<sup>6</sup> For detail see the Madheswaran and Attewell (2007).

vital portion goes to the primary sector, which is around 60 per cent of the population engaged in the primary sector. In these states, around 20 per cent of the population depend on tertiary or service sector. It is explained that the backward states maximum people directly or indirectly depend on agriculture for the maintained their family requirement. The caste wise details of these six states explained in table 4. In Maharashtra, more than one-third of workers engaged in the tertiary sector, which is highest among the six states. More or less the Scheduled tribe's situation is same as like scheduled caste. The variation arises as per as the demographic composition of the population in different states. On the Other Backward Caste cases, it more or less equal with the scheduled caste population. In Kerala, a large section of OBCs population attached to the tertiary or service sector. In this state, more than 40 per cent of workers depend on the service sector and 25 per cent and 34 per cent depend on primary and secondary sector respectively. Out of all states only Kerala, highest OBCs population are attached to the service sector job rather than primary and secondary.

**Table 5. The proportion of main workers, marginal workers and non-workers from total population in rural areas of six states from 1991 to 2011.**

Year	Type of Workers	Developed States			India	Underdeveloped States		
		Kerala	Maharashtra	Tamil Nadu		Bihar	Orissa	Madhya Pradesh
1991	Main	28.84	44.19	45.07	<b>35.69</b>	30.42	33.37	40.38
	Marginal	3.25	5.48	3.42	<b>4.29</b>	2.81	5.37	6.44
	Total workers	32.09	49.68	48.49	<b>39.99</b>	33.23	38.75	46.83
	Non-workers	67.91	50.32	51.51	<b>60.01</b>	66.77	61.25	53.17
2001	Main	25.44	39.18	40.92	<b>30.87</b>	25.72	25.8	33.3
	Marginal	7.1	9.69	9.36	<b>10.88</b>	8.93	14.43	13.8
	Total workers	32.54	48.88	50.28	<b>41.75</b>	34.65	40.23	47.09
	Non-workers	67.46	51.12	49.72	<b>58.25</b>	65.35	59.77	52.91
2011	Main	28.22	43.07	41.2	<b>29.49</b>	20.28	24.66	31.83
	Marginal	8.08	6.73	9.46	<b>12.34</b>	13.68	18.53	15.19
	Total workers	36.3	49.79	50.66	<b>41.83</b>	33.96	43.19	47.03
	Non-workers	63.7	50.21	49.34	<b>58.17</b>	66.04	56.81	52.97

Sources: Population Census Abstract, 1991 to 2011. Note: Total Population is the summation of total workers and Non-workers. Total worker = main + marginal workers.

The social groups wise engagement of worker engagement is explained in the below Table 5. It describes the variation of a share of employment both backward and advanced states in India. In the scheduled tribe population cases, the concentration of employment is varied as per as the population the specific state population. Because in Kerala, the scheduled tribe's population share is 1.45 percentage of state population, so around 48 per cent of the population engaged in the primary sector and nearly half of the rest depends on other two sectors. The states like Maharashtra and Madhya Pradesh more than 70 per cent of tribal's population engaged in the primary sector as a primary occupation for their livelihood. In all India level, 70 per cent of workers depends on the primary sector, and only 12.21 per cent and 17.78 per cent engaged in tertiary and secondary sector respectively. On the measuring of worker and labour force given by two broad data sources of India Census and NSS show the contrast figures.

**Table 5a. The proportion of Cultivator (C), Agricultural Labour (AL), Industrial Workers and Other workers from main workers in rural areas in Census 1991, 2001 and 2011.**

Census Years	Type of workers	Developed States			India	Underdeveloped States		
		Kerala	Maharashtra	Tamil Nadu		Bihar	Orissa	Madhya Pradesh
1991	Cultivator	15.09	46.26	32.76	<b>48.39</b>	47.78	49.38	61.05
	Agri Labour	30.56	36.61	44.73	<b>31.64</b>	40.23	31.43	27.03
	Industry Workers	41.34	12.29	16.59	<b>13.97</b>	7	12.43	8.32

2001	Other workers	13.01	4.85	5.92	<b>5.99</b>	4.99	6.76	3.6
	Cultivator	9.37	45.59	30.9	<b>44.22</b>	34.88	9.37	58.51
	Agri Labour	15.84	33.32	36.39	<b>26.41</b>	46.21	15.84	25.21
	Industry Workers	3.36	2.02	4.82	<b>3.63</b>	3.34	3.36	3.2
	Other workers	71.43	19.07	27.89	<b>25.74</b>	15.57	71.43	13.08
2011	Cultivator	9.77	42.14	22.99	<b>37.74</b>	28.1	9.77	47.13
	Agri Labour	15.43	39.42	40.76	<b>32.94</b>	49.27	15.43	37.68
	Industry Workers	2.12	1.68	3.62	<b>2.95</b>	3.34	2.12	2.08
	Other workers	72.68	16.77	32.62	<b>26.37</b>	19.29	72.68	13.1

Sources: Population Census Abstract, 1991 to 2011.

As per as the Census of India, the combined size of both cultivator and agriculture labour increases between 2001 and 2011 shown in table 5a, but according to NSS the agricultural workforce decrease and rural construction sector employment increase after the mid-2000s (Thomas and Jayesh, 2016). The identification of the rural labour household on the conceptual change in NSS before 68th round and in the 68th round. Which is show the changes in the rural labour composition and workers in the Census and NSS. The causes of drastic fall in casual agriculture labour from 2008-09 to 2011-12 and proportion of other household increase up to 66th round but it suddenly falls in the 68th round, due to the definitional problem of the labour of National Sample Survey Organisation (NSSO) (Rawal, 2014)<sup>7</sup>.

The distribution of workers according to land ownership across the size class of land explain in table 6. Around 58 per cent of workers come under less than one acre of land ownership in compared to scheduled caste 76.52 per cent, scheduled tribe 45.16 per cent, other backward caste 56.95 per cent and others 51 per cent respectively. In the large size class, only 1.42 per cent of workers hold more than 8 acres of land in India is compared to STs 4.65 per cent, OBCs 5.73 per cent, OTHs 7.56 per cent.

**Table 8. Distribution of Workers according to Land ownership**

Social Groups	Landless (< 0.10 acres)	Marginal (0.11-1.00)	Small (1.01-2.00)	Semi-medium (2.01-4.00)	Medium (4.01-8.00)	Large (8.01 acre + )	All Classes
ST	27.43	17.73	15.58	21.95	12.66	4.65	100
SC	54.89	21.63	9.94	8.05	4.06	1.42	100
OBC	35.62	21.33	12.2	14.91	10.22	5.73	100
OTH	30.17	20.82	12.55	15.7	13.2	7.56	100
ALL	37.39	20.88	12.19	14.45	9.93	5.16	100

Sources: unit level data from the 68th round of NSSO, 2011-12.

## 5. Result and Discussion:

The study focuses on the wage inequality in the three advanced states and three underdeveloped states. The indicator for measurement for the ground of advanced and underdeveloped measure through like literacy rate, per capita income, human development index (HDI) etc. The rural labour market of some part of states like Odisha, still people are not aware of the normal wage rate for a day. They are working like slave, bonded labour, contract labour etc. So the education level of the household is less and they are not

<sup>7</sup> Prof. Vikas Rawal (2014) explain that due to methodological classification problem on define household and casual labour we cannot compare the data before 66th round (2008-09) and 68th round (2011-12). He said in 2008-09 casual agricultural labour was 25.6 % but it is drastic fall in to 21 % in 68th round. So within two years CAL drastic fall i.e., 4.6 %. Like that on the proportion of other household labour increases up to 66th round but it is suddenly fall in 2011-12 i.e., 14.8 % to 13.5 %.

able to send their child for higher education as well as other work. The undeveloped states like Bihar, Madhya Pradesh, and Odisha people still survive on the basic need for getting on daily. They have to do work per day for fulfilling of family basic requirement. The details of average wage rate of casual labour in rural areas explain in table 7.

**Table 7. Average wages (in Rs.) of casual labour in rural areas (CWS)**

Social Groups	Developed States			India	Underdeveloped States		
	Kerala	Maharashtra	Tamil Nadu		Bihar	Orissa	Madhya Pradesh
ST	665	647	654	<b>682</b>	639	602	619
SC	873	690	803	<b>801</b>	728	668	668
OBC	1007	665	815	<b>839</b>	757	625	627
OTH	1089	721	743	<b>820</b>	855	743	693
ALL	940	678	794	<b>803</b>	746	643	640

Sources: unit level data from the 68th round of NSSO, 2011-12.

Which indicates the major problem of the society even today like an underdeveloped village and also at where underprivileged people live. They born on the caste-based occupation and die on that caste occupation. On the analysis in the proportion of workers land ownership in India, scheduled caste landless workers more in compared to other three castes. So the dominance of higher caste on the purchase of land and land ownership creates market failure and unemployment of the country increases. The poor lower caste workers work as casual labour rather than other work or cultivating crops. So their composition of daily wage labour more than other higher caste which is shown in table 7. The casual labour wages belong to lower caste due to they are low caste, which is explained in table 8. The decomposition result explains that the wages gap between the two social groups. Due to endowment factor wage differ for the different skill, education, literacy, land ownership holding of the household etc. On the other hand, treatment difference indicate wages are a difference due to caste or social factor rather than explain the difference. The wage gap between SC-OBC much more than the other social group's pairs due to caste matter. So around 33 per cent of wages determined or explained by the worker's caste, on the other hand, 67 per cent wages determined by the endowment factor like education, skill, experience etc. Caste is a factor in the wage determination in the cases of scheduled caste and scheduled tribes rather than other two castes. Scheduled caste get fewer wages as compared to OTH caste due to caste matter around 28 per cent. So wage rate of scheduled caste low in compared to the higher caste for the factor of like caste, religion, or social background.

The rural labour market of both two categories states diversified with the labour supply and composition of labour force participation rate (LFPR). The wage difference in the labour market in Kerala does not much vary with respect to literacy rate rather than it differs with the caste. Caste is a matter of developed states in the rural labour market. But it is less in compared to underdeveloped states like Bihar and Madhya Pradesh

**Table 8. Decomposition result in the average wage of CL among social groups**

Social Groups	Total difference	Explained difference (Endowment components)	Unexplained Difference (Treatment components)	Percentage of unexplained
SC-ST	0.198	0.317	-0.127	0.14
ST-OBC	0.091	-0.138	0.229	0.27
ST-OTH	0.438	0.084	0.354	0.23
SC-OBC	0.258	0.101	0.157	0.33
SC-OTH	0.621	0.362	0.268	0.28
OBC-OTH	0.353	0.241	0.112	0.12

Sources: unit level data from the 68th round of NSSO, 2011-12.

. The study also finds that in Bihar, people are discriminated on the ground of wage more than the Tamil Nadu and Kerala. The exiting study of wage difference is focusing on the skill as well as education status, but the variation of difference in wage more in rural labour market i.e., in the casual labour market. The states

like Bihar, Odisha and Madhya Pradesh labour are come in less skill and less educated as compared to developed states. In table 8 explained UD states people are got less wage in the name of less skill, education, work experience etc., but the fact is that people are getting less wage due to their unexplained factor. Which is the study of wage discrimination in labour market of two categories states? The other than wage difference create the market in the graded system of caste, gender, region etc. This type of discrimination arises by the employers on the basis of biases. Which indicates the two effect for the measurement of inequality on social groups of wages for the rural labour markets. Which is a serious problem in the emerging economy like in India. Because the majority of people are excluded from the progress of the country. Which is study by the decomposition methods? Thus, the decomposition enables the separation of wage differentials into one part that can be explained by the differences in individual characteristics and another part that can't be explained by differences in individual characteristics. The correlation matrix in table 9 describe about the relationship with casual labour (CL) and other related variable in rural areas. This is indicate the significant relationship with casual labour wages with the other factor like urbanisation of place, occupational sector of workers, education level of workers, land ownership of workers etc.

**Table 9. Correlation matrix casual labour with other variables in rural areas.**

Variable	x1	x2	x3	x4	x5	x6	x7	x8	x9	x10
x1	1									
x2	-0.777*	1								
x3	-0.843*	0.650*	1							
x4	0.259*	0.179	-0.628*	1						
x5	0.838*	-0.994*	-0.698*	-0.119	1					
x6	0.175	-0.748*	-0.178	-0.492*	0.680*	1				
x7	-0.927*	0.951*	0.823*	-0.081	-0.976*	-0.526*	1			
x8	-0.977*	0.771*	0.937*	-0.401*	-0.827*	-0.201	0.930*	1		
x9	-0.952*	0.922*	0.854*	-0.147	-0.954*	-0.454*	0.996*	0.957*	1	
x10	0.362*	0.079	-0.705*	0.994*	-0.014	-0.444*	-0.187	-0.499*	-0.253*	1

Sources: unit level data from the 68th round of NSSO, 2011-12. Note: x1-Average wages of casual labour, x2-percentage of population lived in rural areas, x3-percentage of workers work or engaged in primary sector, x4-percentage of workers engaged in secondary sector, x5- percentage of workers depend in service sector, x6- labour for participation rate or percentage of adult workers (15-59 years age groups, x7-percentage of workers literate, x8- percentage of worker literate below primary, x9- percentage of workers literate primary, x10- percentage of workers landlessness.

The wage difference is the ground of endowment factor is a major problem of the so many states. Due to the excess capacity of the different individual are varies on the social group basis. People are of higher caste the education status is higher, so they can access a good job or get better wages as compared to other deprived caste. Which is explained in the ground of endowment factor? That must stay in the economy. But other than endowment factor like unexplained factor which arises for the caste, gender, religion etc, is the serious problem for the labour market on wage labour.

## 6. Conclusion:

The study finds that apart from of education, the wage difference exists in the rural labour market on the ground of caste, gender, religion etc. Which is never be explained how much he discriminated on the basis of caste on overall. That is hidden in the behaviour of the employer and which it cannot quantify how much. Thus, other than endowment effect, if wages are, varies across the social groups, which is creating the inequality among the society. This is spread the gap in the cumulative process for the specified people of the society. The study finds the caste-based discrimination exist more in the undeveloped states as well as developed states. The state like Bihar, Odisha and Madhya Pradesh people are working in the informal sector like as a casual labour. The wage gap more in rural areas than in urban areas. On the hand, the developed states where people change their occupation or change their wages. The developed states rural worker also faces the problem of untouchable, on the work side and also they are only engaged in manual

work which is not done by higher caste. The study finds the relationship between education positively impacts on reducing the discrimination, but on the board concept, we find some discrepancy in the wage in labour market. The finding of this paper as per as objective focus on three different grounds. *First*, it is shown that the primary occupation of the major population of the UD states mainly on agriculture, which is based on the traditional pattern of the cultivation process. Due to illiteracy and unawareness of socially backward people, they are attached to the outdated process of farming, which indicates low productivity. So if the policies related to farmer welfare must be based on the target of all section of the population rather than not only some portion of the population. *Secondly*, the study analyzed the subsection of three occupations viz. primary, secondary, service or tertiary. Like the developed states on industrial progress in Maharashtra, Kerala the composition of engagement is varies on caste basis.

Irrespective of educational progress, caste-based discrimination exist in the society. Although the rate of discrimination fall still the caste-based discrimination exist in rural areas. People belong to low caste are more employed as casual labour in agriculture. However, higher caste more work in non-agriculture work like a carpenter, construction workers, drivers etc. The causes of SC are getting fewer wages than OBC and other caste for the reason of caste, explain around 33 % and rest describe for the endowment factor (i.e., 67%). On the name of caste people belong to SC are more discriminated on labour market than other all social groups. The wage gap across the social groups may be reduced through the literate of worker, urbanisation, increase LFPR, reduce landlessness, employed in secondary and service sector of backward and marginalised section of the population.

As per as the finding of this study, prevails that the economic progress states some extent better on the welfare of the depressed or disadvantaged groups but, it is not as much as rising the progress of the other groups. The states like Odisha, Madhya Pradesh implemented so many programmes for the welfare of scheduled castes and scheduled tribes, but still, the majority of these people are staying far away from the so many government plan and policies. The country will be progress when the majority of people come into the mainstream and cooperate with each other. Their participation rather than primary sector is insignificant, which create the graded system of the economy based on caste. So, it will be eradicated through the progress of scheduled castes and scheduled tribes peoples education, skill development, direct benefit programme for SCs/STs, government policies. If the poor people will get proper remuneration for the specific work rather than any discrimination based on caste and another indicator, he will work hard and increase the status of his family and society. So at the macro level, caste-based discrimination will be vanished through the progress of disadvantaged groups by employment generation and diversification of their occupation. The traditionally hereditary system of occupation will be changed by the better opportunity of job and income source.

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